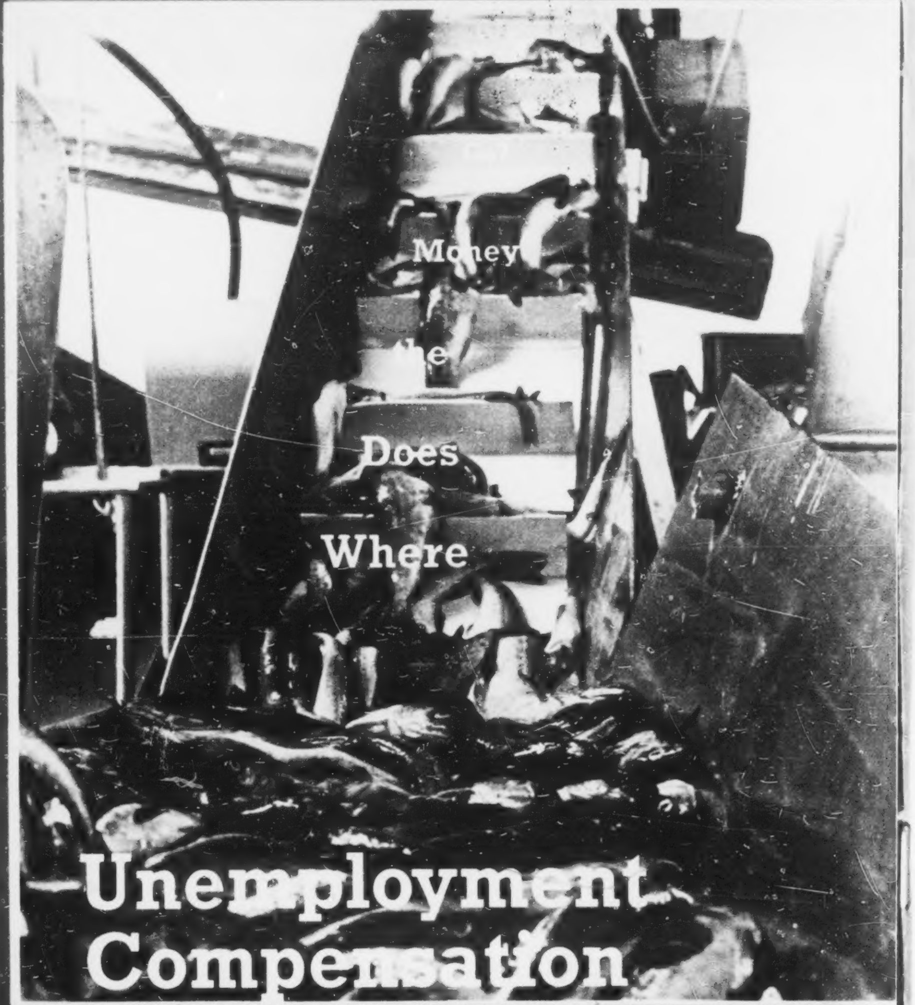
NOVEMBER 1985
ALASKA ECONOMIC TRENDS

Alaska Department of Labor **Bill Sheffield, Governor, State of Alaska**



Money

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Where

Unemployment Compensation

Alaska Economic Trends

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Unemployment Compensation: Where Does the Money Go?

By Veronica Clark

During the 12 months ending September 30, 1985, the federal fiscal year (FFY 1985), Alaska paid $135.6 million in unemployment compensation. This figure is about 2% of the total nonagricultural wage and salary payroll. The purpose of these payments is to help workers maintain purchasing power during periods of involuntary unemployment and thereby stabilize the economy. This article examines the payment of unemployment compensation benefits to both in-state and out-of-state recipients.

Intrastate/Interstate Time Series

Table 1 is a time series for calendar years 1970 through 1984 and FFY 1985. It compares intrastate (in-state) and interstate (out-of-state) data for five conventional measures of unemployment insurance activity: the number of persons receiving an initial payment during the year (First Payments), the number of weekly payments made (Weeks Paid), the total amount of payments made, the average weekly benefit amount (Amount of Payments divided by the Number of Weeks Paid), and the average duration of benefits (Number of Weeks Paid divided by the Number of First Payments). The data in Table 1 pertain only to regular benefits disbursed under the state unemployment insurance program. State regular benefits accounted for 83% of all benefit payments in FFY 1985.

Prior to 1972, state law entitled out-of-state claimants to less than half the weekly benefit amount of in-state claimants. By 1972, this form of discrimination ended. In that year, interstate claimants received 21.2% of all payments. The proportion of interstate payments peaked at 43% in 1977 and has been on a downward trend since then. In FFY 1985, interstate payments were 21.4% of the total, the lowest proportion since 1972.

Most interstate benefits are sent to claimants in Washington, Oregon, or California. Together, these three states account for about 50% of all interstate payments. Interstate claimants are 18.5% of the number of persons receiving first payments in FFY 1985. This is the lowest proportion since 1971.

From 1975 to 1979, the average weekly benefit amount for interstate claimants exceeded that for intrastate claimants. Between 1980 and 1984, the situation was reversed, with intrastate average weekly benefit amount exceeding the benefit amount paid to interstate claimants. However, in FFY 1985, the relationship reversed again.

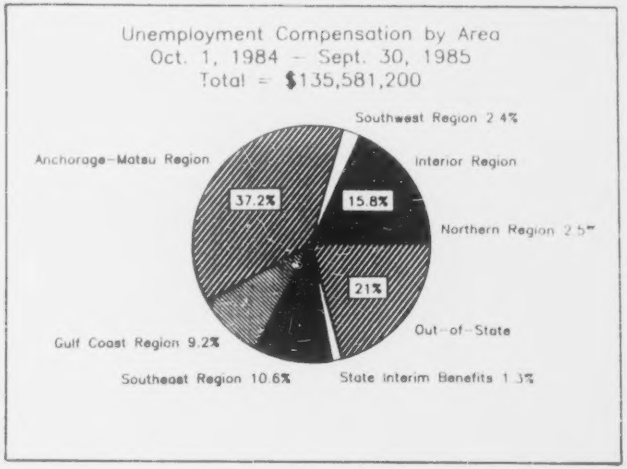
Since 1975, the average duration of benefits for interstate claimants has been consistently greater than that for intrastate claimants. Interstate claimants receive benefits for about three more weeks than intrastate claimants.

Unemployment Compensation by Area

Table 2 presents unemployment compensation data for each of Alaska's census areas as well as out-of-state claimants for the most recent 12 month period, FFY 1985. The data in Table 2 represent all unemployment compensation, including state and federal programs and regular and supplemental benefits. A claimant's location is the place from which the most recent claim was filed.

In FFY 1985, Alaska paid $135.6 million in unemployment benefits to 72,317 persons. The amount of benefits paid in FFY 1985 was 18.4% more than in FFY 1984. The increase was due in part to an increase in benefit payments which went into effect on October 1, 1984, and in part to a 6.1% increase in the number of claimants. The average duration of benefits was the same in both years, 12.3 weeks.

Between FFY 1984 and FFY 1985, regular benefits disbursed under the state program increased from $89.9 million to $112.1 million. Regular benefits paid to former federal civilian employees (UCFE) and military employees (UCX) were unchanged at $4.3 million. Supplemental benefits (Extended Benefits, Federal Supplemental Compensation, Supplemental State Benefits, and State Interim Benefits) declined from $20.3 million to $18.9 million.


Unemployment Compensation by Area
Oct. 1, 1984 – Sept. 30, 1985
Total = $135,581,200

About 91% of the total amount paid, $122 million, was drawn from Alaska's economy through payroll taxes and reimbursements from state or local governments. The remainder was reimbursed by the federal government. Alaska employers paid an additional $12 million in federal unemployment insurance tax (FUTA) to contribute to the cost of administering the program.

Out-of-state payments dropped from $30.1 million, or 26.2% of total payments, in FFY 1984 to $28.5 million (21.4%) in FFY 1985. The decline was due mainly to an 11.8% drop in the number of interstate claimants and in small part to the termination of the Federal Supplemental Compensation program on March 31, 1985.

The decline in the interstate proportion of payments was offset by a huge increase in benefit payments to the Anchorage-MatSu region. Payments to this region increased by 42.2% from $35.5 million in FFY 1984 to $50.5 million in FFY 1985. These increases boosted the Anchorage-MatSu region's proportion of total payments from 31% to 37.3%. A 21.1% increase in claimants was undoubtedly a major factor contributing to the increase in payments, in addition to a change in the benefit schedule and a slight increase in duration of benefits.

The Gulf Coast region and the Southeast region posted the smallest gains in payments and claimants while the other three regions showed moderate increases in both categories. In FFY 1985, the Northern region received $3.4 million in unemployment benefits, or 2.5% of the total; the Interior region received $21.4 million (15.8%); the Southwest region $3.2 million (2.4%); the Gulf Coast region $12.5 million (9.2%); and the Southeast region $14.4 million (10.6%).

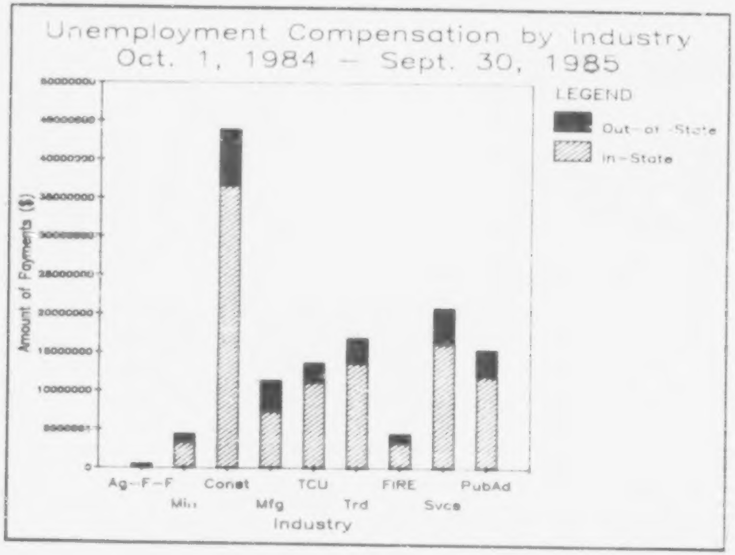
In all the regions, there were dramatic changes in some individual census areas which were masked at the regional level. For example, benefit payments to the Wrangell-Petersburg Census Area declined by 21% while those to Juneau increased by a similar percentage. Payments to claimants in the North Slope Borough, Dillingham Census Area, and Kodiak Island Borough increased by over 40%.

Unemployment Compensation by Industry

About a third of all payments, $44.1 million, went to former employees of the construction industry (Table 3). In-state claimants received 83.2% of this amount and out-of-state claimants 16.8%.

The service industry was a distant second in the amount of unemployment compensation with $21 million, or 15.5% of all payments. In-state claimants received 77.6% of this amount and out-of-state claimants 22.4%.

Anchorage had the largest proportion of benefit payments for all industry groups except manufacturing. Former employees in manufacturing industries received only 8.5% of all payments, $11.5 million. However, 35.5% of these payments were sent to out-of-state claimants, making manufacturing the industry with the largest proportion of interstate payments. The out-of-state proportion jumped to 49.3% for food products, primarily seafood processing. Claimants in the Southeast region received 28.8% of all manufacturing payments, $3.3 million. Three-quarters of manufacturing benefits in the region were paid to claimants who had worked in the depressed lumber and pulp industries.



The distribution of unemployment compensation in-state varied from region to region, with the leading industries being various combinations of five industries: construction, services, public administration, trade, and manufacturing. Two-thirds to three quarters of all unemployment compensation disbursed to the Northern, Interior, and Southwest regions were sent to former employees in construction, services, and public administration. Two-thirds of the benefits sent to claimants in the Anchorage-MatSu region were directed to former employees in construction, services, and trade. Three-quarters of all unemployment benefits distributed to the Gulf Coast region went to former employees in construction, services, manufacturing, and trade. Finally, most of the payments in the Southeast region were sent to former employees in manufacturing, construction, and public administration.

Summary

Two major trends emerge from analyses of unemployment compensation data. First out-of-state payments are diminishing in relative importance. In FFY 1985, they accounted for 21.4% of nonfederal regular benefit payments, the lowest proportion since 1972. Nonetheless, they were a $24 million leakage from the state's economy ($26 million when other federal program benefits are included), an increase over previous years.

Second the Anchorage-MatSu region is increasing in importance. In FFY 1985, 37.2% of all payments were sent to claimants in the Anchorage-MatSu region compared to 31% in FFY 1984. The region's proportion of beneficiaries increased from 30.8% of the total number of recipients in FFY 1984 to 35.2 percent in FFY 1985.

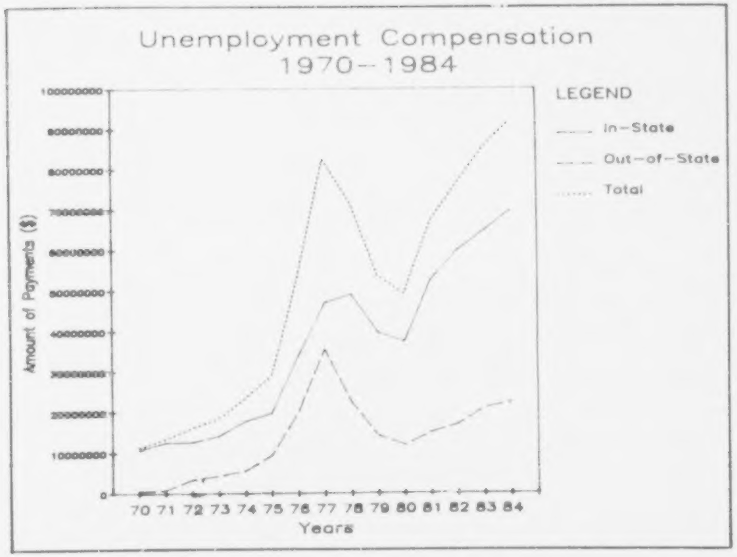


Table 1
Unemployment Compensation (Regular Benefits, Excluding Federal)
1970-1977

	1970	1971	1972	1973	1974	1975	1976	1977
No. of First Payments								
In-State	13,328	13,870	14,552	15,556	15,322	18,905	28,500	31,570
Out-of-State	1,814	2,520	4,103	4,423	4,420	7,717	15,821	18,843
Total	15,142	16,390	18,655	19,979	19,742	26,622	44,321	50,413
No. of Weeks Paid								
In-State	205,253	239,840	241,474	254,156	255,081	266,785	422,575	557,496
Out-of-State	23,667	39,209	70,503	78,993	82,369	125,468	237,085	399,469
Total	228,920	279,049	311,977	333,149	337,450	392,250	659,660	956,965
Amount of Payment (In Millions)								
In-State	10.708	12.533	12.662	14.163	17.717	19.630	33.788	46.959
Out-of-State	.473	.788	3.404	4.277	5.538	9.328	19.768	35.459
Total	11.181	13.322	16.067	18.441	23.256	28.958	53.556	82.418
Avg. Weekly Benefit Amount								
In-State	$52.17	$52.26	$52.44	$55.73	$69.46	$73.58	$79.96	$84.22
Out-of-State	$20.01	$20.12	$48.29	$54.15	$67.24	$74.06	$83.38	$88.77
Total	$48.85	$47.74	$51.50	$55.35	$68.92	$73.83	$81.19	$86.12
Avg. Duration in Weeks								
In-State	15.4	17.3	16.6	16.3	16.6	14.1	14.8	17.7
Out-of-State	13.0	15.6	17.2	17.9	18.8	16.3	15.0	21.2
Total	15.1	17.0	16.7	16.7	17.1	14.7	14.9	19.0

Percent Distribution

	1970	1971	1972	1973	1974	1975	1976	1977
No. of First Payments								
In-State	88.0%	84.6%	78.0%	77.9%	77.6%	71.0%	64.3%	62.6%
Out-of-State	12.0%	15.4%	22.0%	22.1%	22.4%	29.0%	35.7%	37.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
No. of Weeks Paid								
In-State	89.7%	85.9%	77.4%	76.3%	75.6%	68.0%	64.1%	58.3%
Out-of-State	10.3%	14.1%	22.6%	23.7%	24.4%	32.0%	35.9%	41.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Amount of Payment								
In-State	95.8%	94.1%	78.8%	76.8%	76.2%	67.8%	63.1%	57.0%
Out-of-State	4.2%	5.9%	21.2%	23.2%	23.8%	32.2%	36.9%	43.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Alaska Department of Labor, 1970-1985, UC 217 report, Benefit Payments by Industry and Area.

Note: These data represent regular benefits disbursed under the state unemployment insurance program. State regular benefits accounted for 83% of all benefit payments in FFY 1985.

Table 1
Unemployment Compensation (Regular Benefits, Excluding Federal)
1978-1985
(Continued)

	1978	1979	1980	1981	1982	1983	1984	FFY 1985
No. of First Payments								
In-State	[illegible]	[illegible]	[illegible]	28,540	31,922	33,397	36,063	39,386
Out-of-State	[illegible]	7,294	[illegible]	7,069	7,887	9,440	9,370	8,912
Total	[illegible]	[illegible]	[illegible]	35,609	39,809	42,837	45,433	48,298
No. of Weeks Paid								
In-State	[illegible]	[illegible]	[illegible]	436,177	458,423	479,953	502,333	582,982
Out-of-State	[illegible]	169,043	117,856	124,340	132,245	159,862	160,336	158,242
Total	[illegible]	[illegible]	[illegible]	[illegible]	590,668	639,815	662,669	741,224
Amt. of Payment (In Millions)								
In-State	[illegible]	[illegible]	[illegible]	52.340	59.787	64.574	69.624	88.136
Out-of-State	22.412	[illegible]	[illegible]	14.922	16.787	20.817	22.194	23.992
Total	71.474	[illegible]	[illegible]	67.262	76.574	85.391	91.818	112.128
Average Weekly Benefit Amount								
In-State	$88.21	$91.10	$98.96	$112.60	$130.42	$134.54	$138.60	$151.18
Out-of-State	$86.51	[illegible]	$94.76	[illegible]	$128.94	$130.22	$138.42	$151.62
Total	$89.45	[illegible]	$94.91	[illegible]	$129.64	$133.46	$138.56	$151.27
Average Duration in Weeks								
In-State	18.6	17.9	17.2	13.9	14.3	14.4	13.9	14.6
Out-of-State	22.4	21.7	[illegible]	12.6	16.8	16.9	17.1	17.8
Total	19.2	18.7	17.3	13.5	14.8	14.9	14.6	15.3

Percent Distribution

	1978	1979	1980	1981	1982	1983	1984	FFY 1985
No. of First Payments								
In-State	73.2%	77.7%	79.2%	80.1%	80.2%	78.0%	79.4%	81.5%
Out-of-State	26.8%	22.3%	20.8%	19.9%	19.8%	22.0%	20.6%	18.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
No. of Weeks Paid								
In-State	69.4%	74.2%	76.1%	77.4%	77.6%	75.0%	75.8%	78.7%
Out-of-State	30.6%	25.8%	23.9%	22.6%	22.4%	25.0%	24.2%	21.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Amount of Payment								
In-State	68.6%	73.8%	76.1%	77.8%	78.1%	75.6%	75.8%	78.6%
Out-of-State	31.4%	26.2%	23.9%	22.2%	21.9%	24.4%	24.2%	21.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 2
Unemployment Compensation by Area

	Amount of Payments			Number of Payees			Avg. Duration		Average Weekly Benefit Amount FFY 1985
	FFY 1985 No.	FFY 1985 %	% Chg. FFY 84-85	FFY 1985 No.	FFY 1985 %	% Chg. FFY 84-85	FFY 1985 (Wks.)	Change (Wks.)	
Northern Region	3,366,187	2.5%	15.4%	1,711	2.4%	5.7%	13.1	-0.3	$150.37
01 North Slope Borough	925,952	0.7%	42.4%	429	0.6%	25.1%	11.9	-0.5	$181.77
02 Kobuk Census Area	1,018,255	3.8%	-4.8%	540	0.7%	-5.1%	13.1	-1.0	$143.70
03 Nome Census Area	1,421,980	1.0%	18.8%	742	1.0%	5.0%	13.8	0.4	$139.33
Interior Region	21,421,031	15.8%	21.5%	10,983	15.2%	10.0%	12.6	0.0	$154.68
04 Yukon-Koyukuk C.A.	2,234,678	1.6%	17.5%	1,188	1.6%	10.1%	13.8	-0.4	$135.95
05 Fairbanks North Star Borough	17,246,097	12.7%	22.4%	8,747	12.1%	9.7%	12.3	0.1	$160.50
06 Southeast Fairbanks Census Area	1,940,056	1.4%	17.9%	1,048	1.4%	12.9%	13.9	-0.1	$132.91
Southwest Region	3,226,085	2.4%	23.6%	1,851	2.6%	9.3%	13.9	0.5	$125.79
07 Wade Hampton C.A.	710,770	0.5%	21.8%	418	0.6%	6.4%	14.2	0.8	$120.16
08 Bethel Census Area	1,613,573	1.2%	30.3%	920	1.3%	13.4%	14.0	0.7	$124.85
09 Dillingham C.A.	554,466	0.4%	44.8%	290	0.4%	29.5%	14.2	0.3	$134.45
10 Bristol Bay Borough	134,935	0.1%	36.2%	78	0.1%	11.4%	13.0	0.4	$132.68
11 Aleutian Islands C.A.	212,341	0.2%	-30.8%	145	0.2%	-25.6%	11.5	-1.6	$127.46
Anchorage-MatSu Region	50,459,886	37.2%	42.2%	25,421	35.2%	21.1%	12.6	0.6	$157.29
12 MatSu Borough	11,402,962	8.4%	55.4%	5,437	7.5%	30.7%	13.3	0.8	$157.34
13 Municipality of Anch.	39,056,924	28.8%	38.7%	19,984	27.6%	18.7%	12.4	0.5	$157.27

Alaska

By Edward Eboch

Alaska's economy has ended its summer season with a respectable performance. While the seasonally adjusted employment numbers trended downward, employment was up from a year ago. Most of the industry declines from last year were in construction and construction related employment. With a high ratio of out-of-state workers in construction, the declines in employment in this industry will have less impact than might be imagined. The tourist season can only be described as disappointing as it appears that little increase in tourist trade was seen this year. This appears to be largely a result of the strong dollar which made foreign travel attractive to U.S. tourists and travel to Alaska unattractive to foreign visitors. With the decline in the value of the dollar the tourist industry should rebound next season.

The price of oil and its impact on the State of Alaska's revenues continues to be a concern as state spending has been a major contributor to economic growth the past several years. While a decline in the price of oil would mean an even tighter state budget, prospects for a settlement on the Trans-Alaska Pipeline tariff case as well as other revenue sources to the state could mitigate the impact of lower oil prices. An increasing military presence in Alaska with the associated construction projects and North Slope oil field construction will help offset the decline in state supported construction.

The Fishery Season

With oil revenues catching the attention of the news media, the significance of the fishing industry in Alaska is often overlooked. One problem is that nonagricultural wage and salary employment estimates do not include estimates of fish harvesting employment; they include only fish processing employment. Total employment in the fishing industry (Table 1) is nearly twice that of Alaska's oil and gas industry and the fishing industry continues to grow in importance. With the emphasis on the benefits of fish products as a substitute for meat in America's diet this industry is well positioned for continued growth. With proper development and conservation of this important Alaska resource, fishing will continue to play an important role in Alaska's economy long after its oil resources are depleted.

The 1985 commercial salmon season was estimated to be the largest harvest in history with a catch in excess of 138 million salmon. This is the sixth consecutive year the harvest has exceeded 100 million fish. The value of this year's salmon catch is estimated to be $350-$400 million, second only to the record year of 1981. With the fish caught in the late openings in the Southeast yet to be counted, this year may yet exceed the catch of 1981 in value. Several factors have contributed to the record harvest including the contribution of supplemental production from state and private hatcheries. Since the hatchery program was introduced, an increase in the catch has paralleled the growth in the fry release.

The fish processing employment numbers for 1985 have been above last year's numbers for most of 1985. Declines of previous years have been a result of the poor shellfish seasons and a shift to a greater percent of processed frozen salmon. While there has been a shift from canning to freezing, which is less labor intensive, during the last few years, the decline in fish processing employment has reversed itself. With larger catches the amount of salmon that is canned exceeds the amount canned in previous years, even though a higher percentage of the catch is being frozen.

Summary

Expectations about economic events often influence economic activity. While there is reason for concern about the performance of the Alaskan economy over the next several years, the long term outlook is attractive given Alaska's wealth of natural resources. Both the expanded military presence in Alaska and the activities planned for the North Slope will limit the impact of reduced state expenditures, and they will add to growth in the services and trade sectors. In addition, the trade, finance, and services industries will increase, although slowly, because of a natural increase in the population and because of a demographic change: the average age of the population of Alaska is increasing and an older population tends to spend more, which will provide a base for continued expansion.

Current Trends

Alaska nonagricultural wage and salary employment decreased in September by 2,800 jobs. The manufacturing sector, especially fish processing employment, accounted for the bulk of the decline. The seasonal declines in construction, trade, services and manufacturing were somewhat offset by the beginning of the 1985/86 school year and its attendant increase in employment. It might be noted that the declines in year-to-year employment are in industries that tend to have a higher percentage of nonresident employment so that these declines in employment are less significant to Alaska's overall economic performance.

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	 9/84
Nonag. Wage & Salary	242500	245300	239600	-2800	2700
Mining	9500	9700	9100	-200	400
Construction	22700	23500	25100	-800	-2400
Manufacturing	14300	18700	14800	-4400	-500
Food & Kindred Prod	8700	13200	9000	-4500	-300
Lumber & Paper Prod	2300	2200	2600	100	-300
All Other Mfg	3300	3300	3200	0	100
Trans. Comm & Utilities	20200	20500	19500	-300	700
Trucking & Whseing	2400	2400	2300	0	100
Water Transportation	1600	1700	1500	-100	100
Air Transportation	6600	6800	6100	-200	500
Other Trans. Comm. & Utilities	9600	9600	9600	0	0
Trade	46800	47300	46300	-500	500
Wholesale	9000	9000	8700	0	300
Retail	37800	38300	37600	-500	200
Gen. Mer. & Apparel	5200	5400	5300	-200	-100
Food Stores	6500	6500	6100	0	400
Eating & Drinking Pl	14100	14200	13800	-100	300
Other Retail Trade	12000	12200	12400	-200	-400
Finance-Ins. & R.E.	13200	13500	12700	-300	500
Services & Misc.	45400	46400	45000	-1000	400
Government	70400	65700	67300	4700	3100
Federal	18100	18200	18700	-100	-600
State	21200	19800	19600	1400	1600
Local	31100	27700	29000	3400	2100

Prepared in coooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools and personnel employed by the University of Alaska.

Benchmark Date March 1984

P/ Denotes Preliminary Estimates.
R/ Denotes Revised Estimates.

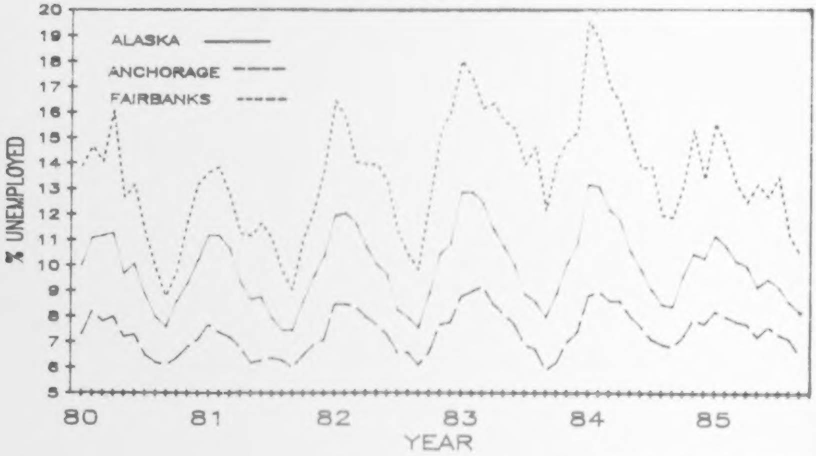
Table 1
Alaska Commercial Salmon Industry
1977-1985

Year	Volume in Million Pounds	Value in Million Dollars	% Frozen	Fish Processing Employment Annual Avg.	Fish Harvesting Employment Annual Avg.
1975	139.8	55.9	32.75		
1976	245.9	118.0	24.13		
1977	307.4	170.8	29.98		6007
1978	389.7	243.9	35.51	5817	7111
1979	442.7	344.6	42.91	6657	7750
1980	511.4	268.5	42.13	7510	7620
1981	612.0	398.0	44.86	7834	7898
1982	562.7	310.7	67.56	6649	8285
1983	621.4	320.6	55.91	6092	7946
1984	658.4	354.6	53.80	5720	
1985	626.0	350-400			

Sources: Alaska Commercial Salmon Season Summary, Alaska Department of Fish and Game, Division of Commercial Fisheries. Alaska Fish Harvesting Employment, Alaska Department of Labor, Research and Analysis. Seafood Business Report, Spring 1985.

UNEMPLOYMENT RATES

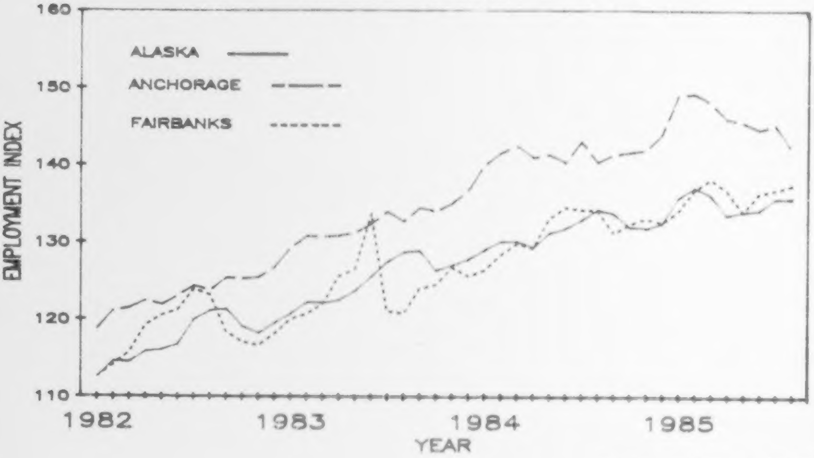
NOT SEASONALLY ADJUSTED
1980 to Present



source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes

Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 9/85	R/ 8/85	9/84	P/ 9/85	R/ 8/85	9/84	P/ 9/85	R/ 8/85	9/84	P/ 9/85	R/ 8/85	9/84
Alaska Statewide	252495	259345	253889	20673	22395	20040	8.2	8.6	7.9	231822	236950	233849
Anch.-MatSu Region	134437	136287	133609	9712	10619	9005	7.2	7.8	6.7	124725	125668	124604
Anchorage Borough	120303	121890	119863	7857	8594	7526	6.5	7.1	6.3	112446	113296	112337
MatSu Borough	14134	14397	13746	1855	2025	1479	13.1	14.1	10.8	12279	12372	12267
Gulf Coast Region	27633	30770	27714	2563	2729	2254	9.3	8.9	8.1	25070	28041	25460
Kenai Peninsula Bor	17269	19279	17047	1970	2167	1510	11.4	11.2	8.9	15299	17112	15537
Kodiak Island Bor	6271	6933	6457	349	309	443	5.6	4.5	6.9	5922	6624	6014
Valdez-Cordova	4093	4558	4210	244	253	301	6.0	5.6	7.1	3849	4305	3909
Interior Region	37741	38197	37999	3777	4080	3816	10.0	10.7	10.0	33964	34117	34183
Fairbanks North Star Bor	30647	31029	30817	3206	3465	3199	10.5	11.2	10.4	27441	27564	27618
Southeast Fairbanks	2952	2964	3067	189	188	286	6.4	6.3	9.3	2763	2776	2781
Yukon-Koyukuk	4142	4204	4115	382	427	331	9.2	10.2	8.0	3760	3777	3784
Northern Region	8550	8625	8649	957	1133	925	11.2	13.1	10.7	7593	7492	7724
Kobuk	2623	2691	2763	240	340	339	9.1	12.6	12.3	2383	2351	2424
Nome	3508	3543	3616	330	407	383	9.4	11.5	10.6	3178	3136	3233
North Slope Borough	2419	2391	2270	387	386	203	16.0	16.1	8.9	2032	2005	2067
Southeast Region	32004	33106	34041	2690	2710	3244	8.4	8.2	9.5	29314	30396	30797
Haines Borough	989	1009	1071	66	52	101	6.7	5.2	9.4	923	957	970
Juneau Borough	12330	12781	13027	982	1015	1106	8.0	7.9	8.5	11348	11766	11921
Ketchikan Gateway Bor	6736	6910	7536	519	463	1004	7.7	6.7	13.3	6217	6447	6532
Prince of Wales-Outer Ketchikan	2397	2478	2476	284	288	257	11.8	11.6	10.4	2113	2190	2219
Sitka Borough	4259	4435	4273	516	553	340	12.1	12.5	8.0	3743	3882	3933
Skagway-Yakutat-Angoon	1864	1967	1972	113	151	132	6.1	7.7	6.7	1751	1816	1840
Wrangell-Petersburg	3429	3526	3686	210	188	304	6.1	5.3	8.2	3219	3338	3382
Southwest Region	12130	12360	11877	974	1124	796	8.0	9.1	6.7	11156	11236	11081
Aleutian Islands	2886	2929	2897	91	114	120	3.2	3.9	4.1	2795	2815	2777
Bethel	4842	4984	4646	532	643	365	11.0	12.9	7.9	4310	4341	4281
Bristol Bay Borough	462	467	475	24	25	39	5.2	5.4	8.2	438	442	436
Dillingham	1970	1986	1944	121	123	107	6.1	6.2	5.5	1849	1863	1837
Wade Hampton	1970	1994	1915	206	219	165	10.5	11.0	8.6	1764	1775	1750

P/ Preliminary R/ Revised 1984 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Gulf Coast Region	12,489,048	9.2%	12.1%	7,145	9.9%	1.1%	12.5	0.1	$140.17
14 Kenai Peninsula Bor	8,611,947	6.4%	7.9%	4,781	6.6%	-0.4%	12.5	-0.2	$144.65
15 Kodiak Island Bor	2,035,777	1.5%	45.9%	1,407	1.9%	10.0%	11.9	1.7	$122.01
16 Valdez-Cordova C.A.	1,841,324	1.4%	4.4%	957	1.3%	-2.8%	13.5	0.2	$142.99
Southeast Region	14,379,033	10.6%	8.0%	8,939	12.4%	1.9%	11.5	-0.3	$139.56
17 Skagway-Yakutat-Angoon Census Area	1,172,489	0.9%	36.0%	719	1.0%	20.6%	13.3	0.1	$122.90
18 Haines Borough	553,778	0.4%	-8.8%	294	0.4%	-4.5%	13.4	1.0	$140.70
19 City and Borough of Juneau	4,432,379	3.3%	21.5%	2,692	3.7%	7.1%	11.4	0.2	$144.67
20 City and Borough of Sitka	1,548,170	1.1%	16.9%	1,054	1.5%	11.8%	10.1	-1.1	$145.68
21 Wrangell-Petersburg Census Area	1,836,017	1.4%	20.6%	1,209	1.7%	-10.2%	10.9	-1.7	$138.79
22 Prince of Wales-Outer Ketchikan C.A.	1,484,383	1.1%	12.3%	894	1.2%	7.8%	12.6	-0.5	$131.33
23 Ketchikan Gateway Borough	3,351,816	2.5%	0.6%	2,077	2.9%	7.0%	11.4	0.1	$141.08
State Interim Benefits Program	1,751,361	1.3%	34.3%	1,552	2.1%	16.9%			
In-State Total	107,092,631	79.0%	26.9%	57,602	79.7%	11.9%	12.1	0.3	$150.60
Out-of-State Total	28,488,569	21.0%	-5.2%	14,715	20.3%	-11.8%	12.8	-0.5	$151.14
Grand Total	135,581,200	100.0%	18.4%	72,317	100.0%	6.1%	12.3	.0	$150.72

Source: Alaska Department of Labor, 1983-1985, RESP 8003, Claimant Characteristics Tape.

Note: These data represent all unemployment compensation, including state and federal (UCFE, UCX) programs and regular and supplemental benefits (Extended Benefits, Federal Supplemental Compensation, Supplemental State Benefits, and State Interim Benefits).

Table 3
Unemployment Compensation by Industry and Area
FFY 1985

	Northern Region	Interior Region	Southwest Region	Anch.-MatSu Region	Gulf Coast Region	Southeast Region
Ag., For. and Fisheries	16,331	37,041	1,241	146,653	90,426	136,587
Mining	218,602	414,825	28,518	1,918,395	799,536	111,176
Oil and Gas	51,121	210,330	21,598	1,637,078	748,391	51,605
Other Mining	167,481	204,495	6,920	281,317	51,145	59,571
Construction	882,609	10,050,421	512,785	17,787,062	4,410,321	3,081,871
Manufacturing	18,249	449,949	309,201	1,753,904	1,569,599	3,313,075
Food Products	5,094	115,892	291,753	474,472	1,346,095	725,314
Lumber and Wood	6,371	68,982	7,332	356,649	67,243	1,473,506
Paper Products	0	12,906	0	40,363	26,902	1,018,887
Other Mfg.	6,784	252,169	10,116	882,420	129,359	95,368
Trans., Comm. and Utilities	260,006	1,989,687	369,878	5,942,089	1,003,134	1,597,803
Trade	205,266	2,306,785	213,814	7,798,257	1,566,587	1,582,090
Finance-Ins. and R.E.	92,935	373,899	157,940	2,019,055	317,248	376,695
Services	653,784	3,134,494	818,061	8,222,425	1,730,624	1,718,374
Public Administration	993,093	2,522,112	787,043	4,405,881	896,758	2,343,445
Unclassified	25,312	141,818	27,604	466,165	104,815	117,917
Total	3,366,187	21,421,031	3,226,085	50,459,886	12,489,048	14,379,033

Table 3
Unemployment Compensation by Industry and Area
FFY 1985
(Continued)

	In-State Total		Out-of-State Total		Grand Total			
	No.	%	No.	%	No.	%	% In-State	% Out-of-State
Ag., For. and Fisheries	428,279	0.4%	111,305	0.4%	539,584	0.4%	79.4%	20.6%
Mining	3,491,052	3.3%	1,101,532	3.9%	4,592,584	3.4%	76.0%	24.0%
Oil and Gas	2,720,123	2.5%	766,171	2.7%	3,486,294	2.6%	78.0%	22.0%
Other Mining	770,929	0.7%	335,361	1.2%	1,106,290	0.8%	69.7%	30.3%
Construction	36,725,069	34.3%	7,393,482	26.0%	44,118,551	32.5%	83.2%	16.8%
Manufacturing	7,413,977	6.9%	4,082,930	14.3%	11,496,907	8.5%	64.5%	35.5%
Food Products	2,958,620	2.8%	2,872,620	10.1%	5,831,240	4.3%	50.7%	49.3%
Lumber and Wood	1,980,083	1.8%	784,189	2.8%	2,764,272	2.0%	71.6%	28.4%
Paper Products	1,099,058	1.0%	154,162	0.5%	1,253,220	0.9%	87.7%	12.3%
Other Mfg	1,376,216	1.3%	271,959	1.0%	1,648,175	1.2%	83.5%	16.5%
Trans., Comm. and Utilities	11,162,597	10.4%	2,640,334	9.3%	13,802,931	10.2%	80.9%	19.1%
Trade	13,672,799	12.8%	3,363,928	11.8%	17,036,727	12.6%	80.3%	19.7%
Finance-Ins. and R.E.	3,337,772	3.1%	1,247,514	4.4%	4,585,286	3.4%	72.8%	27.2%
Services	16,277,762	15.2%	4,705,069	16.5%	20,982,831	15.5%	77.6%	22.4%
Public Administration	11,948,332	11.2%	3,589,801	12.6%	15,538,133	11.5%	76.9%	23.1%
Unclassified	883,631	0.8%	252,674	0.9%	1,136,305	0.8%	77.8%	22.2%
State Interim Benefits	1,751,361	1.6%			1,751,361	1.3%	100.0%	0.0%
Total	107,092,631	100.0%	28,488,569	100.0%	135,581,201	100.0%	79.0%	21.0%

Source: Alaska Department of Labor, 1984-1985, RESP 8003, Claimant Characteristics Tape.

Anchorage/MatSu

By Greg Huff

Anchorage's Oil and Gas Employment

Alaska's North Slope supplies 18% of the nation's annual domestic crude oil production. Ongoing North Slope programs are aimed at slowing the inevitable decline of existing reserves and searching for new deposits. These projects range from initial geophysical surveys to utilization of secondary and tertiary recovery techniques. Each stage in the development of North Slope oil fields required increases in employment both on the slope and in Anchorage. Anchorage, as headquarters to North Slope operations, benefits directly from this development and production of oil.

Since 1977, with development of the Prudhoe Bay oil field, Anchorage's oil and gas work force, consisting of administrative and support staffs for Alaska's oil operations, has grown enormously. In 1977 Anchorage's oil and gas employment totaled 1,245 workers and by 1984 had increased to 3,422 workers, a 175% increase. During this time Anchorage's oil and gas employment increased from 27% to 43% of the industry statewide total. With continued development of the North Slope oil fields, employment in Anchorage's oil and gas industry can be expected to continue to grow.

Anchorage Oil Industry Composition

The Anchorage oil industry, a component of the mining industry, can be divided into four major sectors; oil and gas production, drilling of oil and gas wells, exploration services and miscellaneous oil field service firms. The oil and gas employment statistics presented in this article include only those workers directly employed by the oil and gas industry and working in Anchorage. Employment connected to pipeline management and operation or other transportation of the oil or oil and gas field supplies is not included. Those workers employed on the slope yet living in Anchorage are excluded as well.

Production firms employment represented 63% of Anchorage's oil and gas employment in 1984, up from 47% in 1977. Producers such as Sohio and Arco contract with other firms to provide drilling and oil field services such as directional drilling, seismic testing and oil well logging.

Anchorage Oil and Gas Employment

	Annual Average 1977	Annual Average 1984	Percent Change 1977-1984
Production	590	2145	264%
Drilling	161	309	92%
Exploration	266	539	103%
Oil Field Services	229	429	88%
Total Oil and Gas	1245	3422	175%

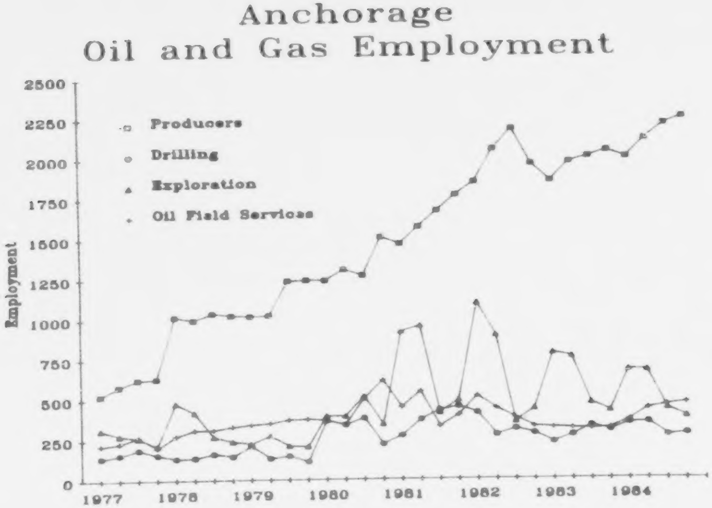
Drilling

Employment levels in the drilling sector in Anchorage have been directly related to drilling activity on the slope. Since 1977 employment has been influenced by the Prudhoe Bay and Kuparuk fields' drilling schedules and various exploratory efforts. Although Anchorage drilling employment increased 92% from 1977 to 1984 the proportion of total oil and gas employment in Anchorage declined from 13% to 9%. Anchorage drilling employment peaked in late 1981 and early 1982, coinciding with the peak of production and exploratory well drilling. Some seasonal employment fluctuations exist during the year as employment decreases in the summer due to seasonal drilling restrictions and peaks during the frozen winter.

Development of production wells contributes the majority of the work for the drilling contractors while exploratory drilling, a more volatile segment of the industry, contributes less to the workload. The industry is highly competitive and contractors are constantly bidding against each other for jobs. The oversupply of oil worldwide and drop in the price of oil caused drilling activity to decrease in 1983. Exploration drilling slowed substantially and production well count declined as well, but the active rig count drop was proportionally greater. The introduction of new, more efficient rigs brought about the decline. A well could be drilled twice as fast as they were a few years prior, hence fewer rigs were needed to do the same amount of work.

Exploration and Miscellaneous Oil Field Services

The exploration services and miscellaneous oil field services sectors of the industry are influenced by similar factors, but exploration services such as seismographic surveys and geophysical exploration are more sensitive to exploration expenditures while other field services employment is more sensitive to construction and production schedules. The line representing exploration services employment in the accompanying graph shows spikes in 1978 representing Kuparuk exploration efforts and again in 1981 representing the exploration of the Beaufort Sea among other locations. Seasonal restrictions place many limitations on exploration efforts. Exploration peaks during the frozen winter months when it is possible to travel over the tundra without harming it and the construction of ice roads is possible.



For those contractors providing the diverse array of other oil field services, 1981 through 1983 were busy years. As exploration efforts waned in 1983 employment in this sector fell. A resurgence in employment was experienced in this sector in 1984 and it will likely see some increases into 1987.

Production

Employment in the oil and gas sector containing those Anchorage firms responsible for petroleum operations grew from 590 jobs in 1977 to 2,145 jobs in 1984, a 264% increase. Expanded North Slope oil operations has had a direct impact on Anchorage's support personnel requirements. The dynamic employment growth experienced from 1977 to 1982 represented the period containing the development of the Prudhoe Bay to peak production of 1.5 million barrels per day. Programs aimed at maximizing recoverable reserves and the development of the Kuparuk field and other outlying areas also contributed to employment growth during this period.

A sharp decline in exploration efforts and slower paced development of Prudhoe in 1983 brought about a decline in Anchorage based support staffs. The Prudhoe Bay water-flood program, the ongoing de-

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

				Changes From:	
	P/ 9/85	R/ 8/85	9/84	8/85	9/84
Nonag. Wage & Salary	119450	119000	117100	450	2350
Mining	4250	4200	4050	50	200
Construction	11400	11850	12050	-450	-650
Manufacturing	3250	3550	3100	-300	150
Food & Kindred Prod	1050	1350	1000	-300	50
Other Mfg	2200	2200	2100	0	100
Trans. Comm. & Utilities	9650	9850	9500	-200	150
Trucking & Whseing	1250	1300	1250	-50	0
Water Transportation	400	450	400	-50	0
Air Transportation	3900	4000	3900	-100	0
Other Trans. Comm. & Utilities	4100	4100	3950	0	150
Trade	28450	28500	27800	-50	650
Wholesale	6750	6800	6650	-50	100
Retail	21700	21700	21150	0	550
Gen. Merchandise	1600	1600	1700	0	-100
Food Stores	3350	3350	3150	0	200
Eating & Drinking Pl	8500	8450	8350	50	150
Other Retail Trade	8250	8300	7950	-50	300
Finance-Ins. & R.E.	9100	9200	8950	-100	150
Services & Misc	26400	26450	25650	-50	750
Government	26950	25400	26000	1550	950
Federal	9950	10150	10350	-200	-400
State	7250	6600	6750	650	500
Local	9750	8650	8900	1100	850

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage/MatSu

				Changes From:	
	P/ 9/85	R/ 8/85	9/84	8/85	9/84
Nonag. Wage & Salary	128100	127200	124550	900	3550
Mining	4250	4250	4100	0	150
Construction	12450	12950	13150	-500	-700
Manufacturing	3400	3700	3250	-300	150
Trans. Comm. & Utilities	10650	10750	10300	-100	350
Trade	30350	30350	29550	0	800
Finance-Ins. & R.E.	9450	9600	9000	-150	450
Services & Misc	28100	28100	27300	0	800
Government	29450	27500	27900	1950	1550

velopment of Kuparuk field to full production of 250,000 b/d by 1987 and the initial development stages of Endicott, Lisburne and Milne Point fields induced another round of growth beginning in 1984 and continuing into 1985. Despite the well publicized reorganizations of national oil companies based in Anchorage, employment has continued to increase and is expected to increase in 1986. The growth in this sector has been based in established firms. In 1977 producers averaged 53 employees, but by 1984 this number had risen to 200.

Current Trends

The Anchorage/MatSu region's unemployment rate for September fell to 7.2%, the expected low for 1985. The unemployment rate usually increases in October as construction workers, seafood processing workers and other seasonal workers are laid off for the winter.

In September, nonagricultural wage and salary employment for Anchorage experienced seasonal declines in the construction, manufacturing, transportation and federal government sectors. Local and state government employment gains in September were primarily a result of increases in school personnel. The over-the-year growth in state government and similar decline in federal government employment represent the transfer of the railroad from the federal government to the state while local government employment growth has been based in schools, utilities operated by the city and other general services.

Fairbanks/Interior

By Neal Fried

Fairbanks' Financial Industry

Bankers, stockbrokers, realtors, and insurance agents are all part of the financial industry in Fairbanks. This industry is referred to by the Department of Labor as finance, insurance and real estate or by the less cumbersome acronym FIRE. However, in the following article it will be referred to as the financial industry because of all of its interrelated segments.

The financial industry is the third smallest of Fairbanks' industries, employing approximately 3.4% of the total wage and salary work force. Size as measured by employment may not be a good indicator of the significance of the industry in Fairbanks. Though it is a small industry, with a small yearly payroll ($24 million), hundreds of millions of dollars flow through the hands of Fairbanks' financial industry annually.

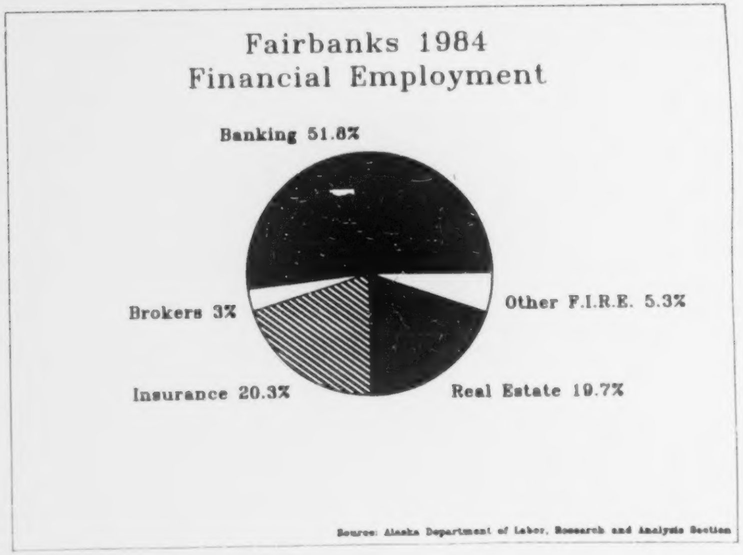
In 1984, Fairbanks' commercial and mutual savings banks alone had deposits in excess of $300 million and loans of $250 million. For the same year $120 million worth of new commercial and residential building starts were recorded for the area. These dollar figures have all been climbing steadily since 1980 and the number of employees involved in financial activity has also been increasing.

Fairbanks Financial Employment
1984

	Annual Avg. Employment	Percent Distribution
Banking and Credit Unions	492	51.8%
Insurance	193	20.3%
Real Estate	187	19.7%
Stock and Commodities Brokers	28	3.0%
Other Financial	50	5.3%
Total	949	100.0%

Source: Alaska Department of Labor, Research and Analysis

During the past five years employment growth in the financial industry has out-paced Fairbanks' overall employment growth. The financial industry had 40% growth compared to 33% growth in total employment. Banking is the industry's largest segment, accounting for more than 50% of the employment (This includes banks, savings and loans, and credit unions). Banking employment has not grown as quickly as the rest of the industry which may be partially explained by technology. Banking has made large investments in automation during the past decade; this increased activity has not necessarily provided increases in personnel as it would have in the past.


Fairbanks 1984
Financial Employment

Source: Alaska Department of Labor, Research and Analysis Section

Deregulation and technological changes have brought new entries into the market and the services offered have changed. For example passbook savings, once a big share of the banking business, has actually declined over the years but NOW and Money Market Demand Accounts, which did not exist in 1980, are larger than passbook savings ever were. The creation of these new banking vehicles resulted from deregulation.

The insurance business is the next largest sector within Fairbanks' finance industry, accounting for 20.3% of the industry's employment (See chart). It grew considerably faster than banking, doubling its employment in four years. Real estate follows closely behind the insurance sector with 19.7% of financial industry employment. It has had a less stable history than the remainder of the industry. Real estate's employment peaked at 202 in 1982, and has slacked off some since then. The number of firms has remained relatively stable in this other-

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	Changes From: 9/84
Nonag. Wage & Salary	30750	30500	29850	250	900
Mining	200	200	200	0	0
Construction	3700	3950	3800	-250	-100
Manufacturing	650	650	550	0	100
Trans. Comm. & Utilities	3050	3000	3000	50	50
Trucking & Whseing	400	450	400	-50	0
Air Transportation	850	900	800	-50	50
Other Trans. Comm. & Utilities	1800	1650	1800	150	0
Trade	6400	6450	6250	-50	150
Wholesale	1050	1050	1100	0	-50
Retail	5350	5400	5150	-50	200
Gen. Mer. & Apparel	600	600	550	0	50
Food Stores	800	800	850	0	-50
Other Retail Trade	3950	4000	3750	-50	200
Finance-Ins. & R.E.	1050	1050	1000	0	50
Services & Misc.	5750	6000	5700	-250	50
Government	9950	9200	9350	750	600
Federal	2900	2900	2700	0	200
State	4150	3800	3850	350	300
Local	2900	2500	2800	400	100

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	Changes From: 9/84
Nonag. Wage & Salary	35400	35100	34800	300	600
Mining	300	350	350	-50	-50
Construction	3950	4100	4000	-150	-50
Manufacturing	700	700	600	0	100
Trans. Comm. & Utilities	3850	3750	3800	100	50
Trade	6850	6950	6650	-100	200
Finance-Ins. & R.E.	1100	1150	1050	-50	50
Services & Misc.	6150	6400	6150	-250	0
Government	12500	11700	12200	800	300

wise volatile industry. Stocks and commodities brokers bring up the rear, with a 3% sliver of the pie. Their numbers are small but they are rallying to new heights each year.

Banking deregulation and technological advances are bringing dramatic changes to the finance industry. The bankers, brokers and insurance agents are now often competing directly. Automation has cut down on personnel, and other technological advances may bring more dramatic changes. This has yet to have a big impact on the makeup of the financial industry in Fairbanks, but the future could have big changes in store.

Current Trends

Fairbanks' unemployment fell again in September registering an unemployment rate of 10.5%. This is the lowest it has been in 1985, and it will not likely fall any further during the remainder of the year. In fact, if the unemployment rate follows past patterns, it will begin its winter ascent next month. An over-the-year comparison reveals little change from the year ago rate of 10.4%.

Wage and salary employment increased in September, reaching the 30,750 mark. The big contributor to employment growth was education both at the state and local level. The University of Alaska, Tanana Valley Community College and local school staffs returned for the 85/86 academic year. Strong over-the-year increases in government (largely education) still exist. The only industries with employment losses this month were construction and services, largely because of seasonal factors, but construction continues to show signs of overall softness.

Gulf Coast

By Neal Fried

Kenai Peninsula's Oil and Gas Employment

The Kenai Peninsula's oil fields are producing far less oil than they did during the late 1960s and mid 1970s. Today, approximately one-quarter the number of barrels is being produced compared to the peak year of 1970 when 82 million barrels of oil were produced. One might expect this precipitous drop in oil production would be accompanied by an equally dramatic decline in employment on the Kenai Peninsula. Oil and gas employment did peak in 1968 with more than 1,000 workers, but today's figures of 700-750 workers compare favorably with 1970s figure of 650. During the 1980s employment figures have fluctuated, peaking at 848 in 1982 when there was a flurry of exploration activity. Though oil and gas employment has not kept up with the frenzied economic growth of most of Kenai's remaining industries, its employment has remained reasonably stable.

Oil is not the only product being pumped out of Kenai's oil fields. Natural gas is now actually a more important resource. The gas fields were developed simultaneously with the oil fields, however, production in gas continued to grow through 1982 and has remained relatively stable since then. Kenai's fields are a long way from the North Slope, but the infrastructure which has been built in Kenai over the past 25 years now provides support to the state's northern oil fields. Many oil service companies headquartered in Kenai do business on the North Slope. The legacy of Kenai's oil field has also meant many veteran workers from Kenai's oil fields now work up north but continue to live in Kenai. This does not affect Kenai's oil and gas employment figures because they would be counted on the North Slope, but it does provide economic stimulus to the area that would not have existed if Kenai were not a center of oil and gas production. Exploration activity in Kenai for both gas and oil was brisk for a couple of years during the 1980s which further bolstered the employment numbers.

Kenai's hydrocarbon resources fuel the State's most extensive refining and chemical complex. This complex includes two oil refineries, one liquid natural gas (LNG) plant and a large manufacturer of ammonia-urea fertilizers. All of these plants have gone through expansion phases, the last to be completed this year with the expansion of the Tesoro oil refinery. These plants (excluding the LNG plant) employ 450 workers. Though these plants depend on hydrocarbons for their feed stock, the plants' employment figures are not found under oil and gas but instead are included in the manufacturing sector. Oil refining employment has actually grown despite Kenai's declining oil production because the refineries are now also using North Slope crude as a feed stock.

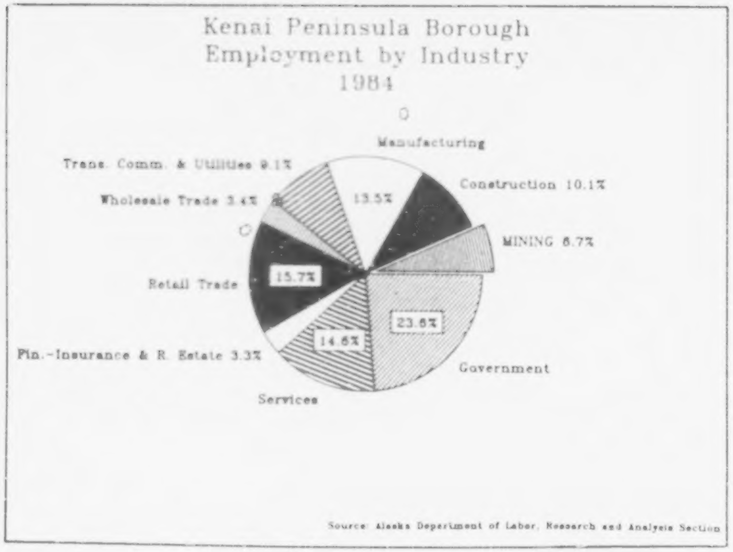
Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	Changes From: 9/84
Nonag. Wage & Salary	22800	25150	22600	-2350	200
Mining	850	850	800	0	50
Construction	2600	2700	2700	-100	-100
Manufacturing	3850	6350	3950	-2500	-100
Food & Kindred Prod.	3150	5600	3300	-2450	-150
All Other Mfg.	700	750	650	-50	50
Trans. Comm. & Utilities	2100	2100	2200	0	-100
Trade	3950	4050	3650	-100	300
Wholesale	650	650	550	0	100
Retail	3300	3400	3100	-100	200
Finance-Ins. & R.E.	700	700	650	0	50
Services & Misc.	3400	3550	3200	-150	200
Government	5350	4850	5450	500	-100
Federal	550	550	550	0	0
State	1750	1550	1650	200	100
Local	3050	2750	3250	300	-200

Oil and gas employment's share of the Kenai Peninsula's total employment has eroded over the years. Presently, approximately 6.7% of the Kenai Peninsula's wage and salary employment is employed in oil and gas. This compares to a 15% share of the wage and salary employment in 1970. Oil and gas's declining share is largely a result of more rapid expansion of the Peninsula's other industries. In the accompanying chart oil and gas employment can be found under mining. Oil and gas employment represents more than 99% of the Peninsula's mining employment. The oil and gas industry's share of the Peninsula's total payroll is proportionately greater than its oil and gas employment. Approximately 10% of the Peninsula's wage and salary payroll comes from the oil and gas industry. Its payroll share is larger than employment because its paychecks are among the largest on the Peninsula. During the first quarter of 1985, oil and gas's average monthly wage was $4,087, compared to the Peninsula's overall average monthly wage of $2,350.

Current Trends

Gulf Coast employment began its downswing in September. The un-



Source: Alaska Department of Labor, Research and Analysis Section

employment rate climbed to 9.3% and wage and salary employment netted a job loss of 2,350. Almost all of the region's industries lost employment to the annual seasonal slowdown.

Food and kindred products employment in September (fish processing) alone fell by 2,450 as the salmon season came to an end. The end of the tourist season put a damper on the region's retail trade and service industries. Construction is also a victim of the season, but its over-the-year picture also fails to register any growth. Employment has already peaked in this industry, and it is now headed for an extended period of sluggishness. Government employment was the only industry to post any monthly gains because local schools and community colleges reopened their doors this month.

Southeast Alaska

By John Boucher

September Employment Picture

Southeast Alaska wage and salary employment decreased by 750 jobs in the month of September to 31,000; the decrease meant that there were 2.4% fewer jobs in the Southeast region than in August. Total employment in the region continues to lag behind 1984 levels. In September of 1984 employment in Southeast Alaska was 31,650, which is 2.1% higher than this September.

The decline in employment over the month was due primarily to two industries, fish processing and retail trade. Employment related to Southeast Alaska's record setting salmon season began to drop significantly from its peak in August, falling by 800 jobs during the month. This represented a 33% drop in employment in the food and kindred products industry. The dramatic drop-off in employment can be expected to continue into the slow months of December through February when employment in this industry is typically between 300 and 400 jobs.

The employment drop in the retail trade sector is also typical for the month of September. Just about 50% of the total employment drop in retail trade was accounted for by eating and drinking establishments. The summer months are typically the restaurant industries best in terms of employment for several reasons, among which are the influx of the summer work force and the addition of tourist dollars to the local economy. As the tourist season winds down and the summer work force begins to head south for the winter, restaurant employment begins to decline.

Government employment, in particular the local government sector, was the only industry to experience an employment gain over the month. The increase in local government employment was due to local school districts gearing up for the new school year. There was also a slight increase related to the opening of the University of Alaska Juneau campus but it was offset by the seasonal layoffs in other departments of state government.

Unemployment

The unemployment rate for the Southeastern region moved up slightly in September from 8.2% to 8.4%, however unemployment was more than a percentage point lower than last year in the region when it was 9.5%. Examination of the number of unemployed by census division

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	9/84
Nonag. Wage & Salary	31000	31750	31650	750	-650
Construction	1800	1850	2350	-50	-550
Manufacturing	3850	4550	4000	700	-150
Food & Kindred Prod	1650	2450	1600	-800	50
Lumber & Paper Prod	1950	1850	2100	100	-150
All Other Mfg	250	250	300	0	-50
Trans. Comm. & Utilities	2200	2300	2150	100	50
Trade	4950	5150	5100	200	150
Wholesale	400	450	400	-50	0
Retail	4550	4700	4700	150	150
Finance-Ins. & R.E.	1150	1150	1150	0	0
Mining, Services & Misc	4850	4900	5000	-50	-150
Government	12200	11850	11900	350	300
Federal	2200	2250	2100	-50	100
State	5550	5550	5500	0	50
Local	4450	4050	4300	400	150

(center insert), which is based upon unemployment insurance claims data, gives an indication as to why the unemployment rate has improved over the year.

The number of unemployed in both the Ketchikan and Juneau areas has dropped since September of 1984. The most dramatic drop is in the Ketchikan Gateway Borough census division where the number of unemployed has dropped by almost 50% since last September. The reasons for the improvement are two-fold. First the number of unemployment claims in the Ketchikan area was high at this time last year because of the closure of several wood processing facilities in the area. This is the same phenomenon that is currently producing a higher unemployment rate this September over a year ago September in the Sitka Borough.

However, the improved unemployment rate in Ketchikan cannot be solely attributed to an improvement in the wood processing industry. A drop in the total civilian labor force in the Ketchikan area has also occurred during the past year, indicating that the labor market is not as competitive as it was a year ago. This could indicate a number of occurrences in the Ketchikan labor market since last year, among them being that the marginal work force, for example housewives who only go to work when it is plentiful, is not as active in the labor force as it was a year ago. The drop in the labor force could also indicate that there has been an out-migration from the Ketchikan area of workers who are seeking better opportunities for employment.

Hours and Earnings

By Kathy Thomas

Year-to-Year Comparison of Average Weekly Hours

In last month's hours and earnings article in *Alaska Economic Trends*, mention was made of a year-to-year decline in average weekly hours. To determine if this is a recent phenomenon or an ongoing trend, average weekly hours from January through August are compared for current and year ago figures. The comparison is done for the five major industry categories, mining; contract construction; manufacturing; transportation, communications, and public utilities (TCPU); and trade.

All industries have not experienced declining hours. Mining fared best of all industries with August being the first month that average weekly hours dropped below year ago levels. Actually, hours in this industry are surprisingly high given lower oil and gas prices. Most mining employment is in oil and gas extraction. Activity in oil and gas extraction was exceptionally strong as a result of investments that had been initiated when oil prices were better. Other sectors of mining have been depressed because of low commodity prices and hence have had lower employment as well.

The decline of construction activity in the state was not evidenced in year-to-year changes in average weekly hours previously. Other than one month of decline, hours were above year ago levels through the month of June. However, in July and August when construction usually reaches a peak in activity, average weekly hours were below year ago levels for both months. Construction started the year as though activity would reach the levels of previous years but the most telling time of the construction season, July and August, failed to support that contention.

Manufacturing average weekly hours were below year ago levels for five of the eight observed months. Most notable, the three most recent months show increasing rates of decline from year ago levels. Though salmon runs have been good to excellent, a change in production methods has been affecting seafood processing activity. An increasing amount of the salmon catch is being sent out fresh or frozen which requires less processing and hence fewer employees. This combined with the difficulties in the wood products industry of low demand and low prices is beginning to show up in average weekly hours.

The poor performance of the trade and TCPU industries were perhaps a harbinger of a declining construction industry. TCPU declined from year ago levels for seven of the eight months. Trade declined six of the eight months. The fact that is interesting about trade declines is that they have occurred for the last five consecutive months. These two industries are partly construction industry driven. The TCPU industry moves construction materials to and from construction sites. The trade industry is spurred by the purchase of construction materials and also by the purchase of furnishings and other miscellaneous retail items once the construction is completed.

One final observation about average weekly hours is worth mentioning. Beginning in April one industry had average weekly hours below year ago levels. By May two industries were below; June, three; July, four; and finally in August all five industries had lower average weekly hours. Rather than an isolated incident, average weekly hours have been consistently declining from year ago hours. It will be interesting to observe what happens to average weekly hours in the spring when most industries begin gearing up for the summer season.

Current Trends

For the month of September, average weekly hours were below year ago levels in four of the five major industries. Manufacturing was the only industry with increased average weekly hours. Actually year ago average weekly hours in manufacturing were unusually low. A major pulp mill had been closed for two months and was down to minimal activity levels which were reflected in average weekly hours.

Retail trade, being tourist driven, experienced seasonal declines in average weekly hours as the tourist season wound down in September. Consequently average hourly earnings in retail trade increased as part-time personnel hired to handle summer traffic were laid off.

Average Weekly Hours
January through August
1984 and 1985

		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
Mining	1984	49.9	49.5	51.3	50.0	48.4	48.4	49.6	52.2
	1985	52.8	52.9	51.7	50.9	48.4	50.9	51.5	50.9
Construction	1984	40.6	41.2	40.7	40.9	40.4	41.9	43.6	45.4
	1985	41.3	40.7	44.4	42.3	44.3	42.9	42.7	43.2
Manufacturing	1984	33.6	35.3	41.7	37.3	34.9	39.5	44.3	50.4
	1985	33.5	36.2	38.1	37.5	41.4	37.8	40.6	42.0
Trans. Comm. & Utilities	1984	39.1	38.8	36.8	37.1	38.1	39.0	40.1	39.2
	1985	35.1	34.0	36.7	37.3	36.8	38.4	37.8	38.4
Trade	1984	34.1	33.9	34.7	35.4	35.3	36.0	37.0	36.1
	1985	34.1	34.1	33.7	33.5	33.5	35.1	34.4	34.1

Average weekly hours are revised except August 1985 average weekly hours which are preliminary

Source: Alaska Department of Labor, Research and Analysis.

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Alaska Department of Labor   Bill Sheffield, Governor, State of Alaska

Alaska Economic Trends

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Economic Outlook-Alaska

By Edward Eboch

Government has been and continues to be a major force in Alaska's economy. Upon completion of the oil pipeline in mid-1977, Alaska's economy entered a period of growth dominated by petroleum. State oil tax revenues increased rapidly with the jump in world oil prices in 1979 and 1980. By the 1985 Alaska fiscal year (7/1/84-6/30/85) revenues from oil accounted for approximately 90% of total state revenues. The result of this growth in state revenues was rapid expansion of state employment, additional fiscal support to local communities, and expansion of state funded programs and capital projects.

The state's total general fund unrestricted revenues increased from $333 million in 1975 to $765 million in 1978 and to over $4,100 million in 1982, the peak year for state tax revenues. Since 1982, state revenues have declined to an estimated $3,314 million for fiscal year 1985. Delays in state capital construction projects, the lag effect of state expenditures and a continued high level of state expenditures added impetus to recent economic growth. Speculation has been that falling oil prices will result in an economic decline in Alaska, however, unless world oil prices collapse, Alaska will enjoy continued economic expansion, albeit slowly.

The decline in oil prices and corresponding decline in state tax revenues forces Alaska's economy to look to other areas for continued employment growth. As Alaska's economy matures, expansion in the finance, services, and trade industries will provide the basis for growth in employment. Employment growth over the next two years will occur as the economy adjusts to changes in the size and make-up of the population. These changes include natural increases (births over deaths) and a population that has a large, growing age group that typically spends more than its income to buy cars, houses and to educate their children.

Alaska's nonagricultural employment is estimated to have increased 2.4% in 1985. This compares to 4.9% growth in 1984, 6.3% in 1983, and 7.2% in 1982. While Alaska's economy is unlikely to experience the rates of employment growth of the early 1980s, employment growth will be disappointing only in that comparative sense. Growth in employment will average around 2% during 1986-1987 which would seem acceptable were it not for expectations built up during years of high growth.

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	P/ 9/85	R/ 8/85	9/84	P/ 9/85	R/ 8/85	9/84	P/ 9/85	R/ 8/85	9/84
Mining	$24.17	$23.90	$23.71	51.2	51.6	50.4	$1237.50	$1233.24	$1194.98
Construction	24.93	24.53	24.84	41.6	43.2	45.4	1037.09	1059.70	1127.74
Manufacturing	12.89	10.90	12.52	41.5	43.3	36.5	534.94	471.97	456.98
Food & Kindred Prod.	10.24	8.86	9.01	39.4	42.8	34.6	403.46	379.21	311.75
Lumber & Paper Prod.	16.71	16.64	16.69	46.8	46.2	35.3	782.03	768.77	589.16
Trans., Comm. & Utilities	15.28	15.56	15.85	40.1	39.2	38.5	612.73	609.95	610.23
Trade	11.91	11.44	10.75	34.0	34.3	35.3	404.94	392.39	379.48
Wholesale	14.73	14.22	13.41	38.1	37.9	39.5	561.21	538.94	529.70
Retail Trade	10.65	10.25	9.61	32.4	33.0	33.8	345.06	338.25	324.82
Finance, Ins. & R.E.	—	—	—	—	—	—	425.91	408.37	389.69

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ Excludes eating and drinking establishments.

AVERAGE HOURS AND EARNINGS SERIES. Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Mining

Although declining oil prices have affected expectations about the oil and gas industry, employment in mining is forecast to increase. Presently, oil and gas employment accounts for approximately 90% of Alaska's mining employment. North Slope development projects have been responsible for recent increases in mining employment and will account for increases during the forecast period. As North Slope fields mature and less productive fields are brought on line the industry will become more labor intensive. Because of the lead time required to find and develop oil and gas fields, exploration activities will remain at levels of the past two years.

The Usibelli Mine near Healy, Alaska, will likely increase employment in response to increased demand for coal from Korea but no significant increase in coal mining employment is expected until the Beluga coal fields are brought into production, at the earliest, near the end of the forecast period. No significant increase in mineral mining employment is expected until improvements in mineral prices become apparent. Even then it is unlikely that any of the deposits now under development will begin production before the late 1980s. Employment related to industrial mineral mining, which is impacted by construction activities, will decline slightly during this time as forecasts indicate a decline in construction activities.

Construction

Military and North Slope construction increases will moderate declines caused by residential and commercial overbuilding and decreasing state supported construction. It is estimated that construction employment declined by 6.9% in 1985 and declines of 7.2% in 1986 and 10.6% in 1987 are forecast. This orderly contraction in construction to a more sustainable level is good news. Because of extensive overbuilding in some segments of the economy there was the danger of a collapse in construction activities. Increasing military and related civilian employment in Alaska and previously planned oil related construction have alleviated this concern.

Long term construction employment will begin to grow again as the excess inventory of residential and commercial space is consumed over the next two years. Construction has always contributed less to secondary and tertiary industries in Alaska so a decline in construction activity will not have much impact on the local economy. Much of the decline in employment will be from the nonresident population so that the loss of salaries means less than in other industries.

Manufacturing

The significance of the manufacturing industry to Alaska's economy is often overlooked. One problem is that nonagricultural wage and salary employment estimates do not include estimates of fish harvesting (the fishermen) employment but only include fish processing employment. Total employment in the fishing industry is nearly twice that reported under food and kindred product employment which is largely employment in fish processing. In addition, this industry is the mainstay of the economy in many communities around the state, adding both industry and geographic diversity to Alaska's economy.

Employment in manufacturing is forecast to grow an average of 2% per year over the next two years, with most of the growth in fishing related employment. Declines in fish processing employment over the past two years were the result of poor shellfish harvests. Employment increased in 1985 and is forecast to continue increasing in 1986 and 1987. The 1985 commercial salmon season was estimated to be the largest in history and for the fifth straight year the harvest exceeded 100 million fish. Stability of the record salmon runs can be attributed to several factors including supplemental production from state and private hatcheries. Since the hatchery program was introduced growth in the fry release has been paralleled by an increase in the salmon catch. There has also been steady development and increased employment in the bottomfish industry in Alaska. With the emphasis on the benefits of fish products as a substitute for red meat in America's diet this industry is well positioned for continued growth.

Unfortunately the outlook for the other areas of manufacturing are not as bright. The lumber industry is forecast to continue to have slight declines over the next two years. Most of the losses in this industry have occurred in the pulp and sawmills in the Southeast while the logging sector has remained strong. This can be partially attributed to the fact that logs from privately owned lands do not require processing before export. There is some slight growth anticipated in other areas of the state as small sawmills process lumber for local consumption.

The third area of manufacturing in Alaska is made up largely of newspapers and other printing firms, oil refining and chemical production, and construction related manufacturing. Employment related to the manufacturing of construction products such as concrete blocks is expected to decline as construction declines. These losses will offset any slight gains in other manufacturing firms.

Transportation, Communications, and Utilities

The transportation, communications, and utilities industry is forecast to grow in line with overall employment. The trucking and warehousing segment of this industry will be affected by declines in construction related activity. Employment declines in the trucking and warehousing sector are forecast for 1986 and only a slight increase is forecast for 1987. After a disappointing 1984 for water transportation employment this segment of the industry appears to have rebounded in 1985 and continued growth is expected over the next two years. Much of the loss in employment in 1984 was because of improvements in the way material was handled and an off year for North Slope activity. With oil industry activities on the North Slope increasing, 1985 through 1987 should be steady growth years for water transportation.

The air and miscellaneous transportation segment will increase with improved tourism traffic and the increase in school bus needs. The other transportation and communications segment will not see gains in employment as technological advances in the communications area and associated declines in employment will offset slight employment gains in electric, gas and other utilities.

Trade

Trade, along with services and the finance and insurance industries, will provide some of the strongest areas of growth over the next two years. Besides the growing population and changing demographics more goods and services that previously were provided from outside the state will be available in Alaska. This trend will continue as the Alaska economy matures.

Growth in wholesale and retail trade employment will be dampened somewhat by the decline in construction. Year to year employment declines occurred during 1985 in construction related retail establishments such as hardware stores, lumber yards and furniture stores. This is reflected in the anemic growth in employment in the other trade sector. However, gains in tourism traffic, as the dollar's value to other currencies continues to improve, will result in substantial gains in tourism related trade employment.

Finance, Insurance and Real Estate

Financial services remain an area that offers substantial opportunities in Alaska over the next several years. It has only been in the last few years that many financial services available in the rest of the U.S. became available in Alaska. Changes in the banking industry have made it easier for firms to provide the full range of financial services.

another sign that Alaska's economy has reached a maturity not previously seen.

Services and Miscellaneous

Nearly all sectors of this industry are expected to have gains in employment. Again, decline in construction is the only negative news as engineering and architect firms and other firms that depend on construction for a substantial part of their business will experience slight declines in employment. However, these declines will be more than offset by gains in employment in hotels, medical services, and business and personal services.

Government

Growth in the state's operating and capital budget during the early 1980s was a major contributor to employment growth in Alaska. With growth in state expenditures, employment in state government grew from 15,400 in 1980 to 20,500 in 1985, a 33% increase. With state expenditures providing the bulk of funds to local communities, local employment also grew during this period from 21,800 in 1980 to an estimated 30,800 in 1985.

Because of the important role the state plays in Alaska's economy, there is concern about what will happen to state expenditures given the current world oil situation. While declines in the price of oil mean a tighter state budget, prospects for settlement of the Trans Alaska Pipeline Tariff Case, as well as other revenue sources to the state could mitigate the impact of lower oil prices. It is assumed in this forecast that the state will successfully settle in the TAPS tariff case and will utilize other revenue sources if necessary to keep from reducing state expenditures drastically.

While local government employment has increased rapidly the past few years, Alaska's local governments provide fewer services than their counterparts in comparably sized communities of the U.S. Growing pressure for these services will force communities to increase local taxes to provide additional revenue to pay for these services. As a result, local government employment will continue to make gains through 1987.

The federal government continues to expand its presence in Alaska. A growing military presence, interest in Alaska's fisheries, oil exploration on federal lands, and increased air traffic as well as the demands of a growing population on mail and other federal services will keep federal government growing.

Summary

While there may be reason for concern about the performance of the Alaska economy over the next several years, the disappointment will be with the rate of growth in employment, not the lack of growth. With Alaska's wealth of natural resources the long term outlook is very attractive and the next few years may be a period of opportunity for those with a longer term vision. The expanding military presence and planned activities on the North Slope will limit the impact of reduced state spending as a changing and growing population will provide a base for continued expansion.

Economic Outlook-Anchorage

By Greg Huff

The Anchorage employment forecast for 1986 and 1987 projects moderate growth in all industries except construction. Declines in construction will be due to overbuilding in residential and commercial markets and leveling population and income. This is a continuation of a trend that began in 1985. From 1980 to 1984 employment grew over 41% while construction employment grew 85%. In 1985 total employment grew a less dynamic 3.2% while construction employment fell 6.5%. Total employment is forecast to increase 1.8% in 1986 and 2.1% in 1987 with construction employment decreasing by 9.6% in 1986 and 7.6% in 1987.

Anchorage employment growth is forecast to outpace statewide employment in 1987 because Anchorage will not feel the full repercussions of a depressed pulp and lumber industry and king crab fishery; however, Anchorage employment is forecast to grow more slowly than Fairbanks employment because of the army's planned expansion in Fairbanks. Anchorage, the primary commerce and distribution center for the state will receive economic stimulus from growth in other areas of the state, particularly from North Slope oil field development.

Mining

Despite the well publicized reorganization and streamlining in the national operations of Anchorage based oil companies, employment in the mining sector has continued to grow and is forecast to increase 6.0% in 1986 and 4.5% in 1987. Oil and gas operations represent over 94% of mining employment in Anchorage. Anchorage support staffs for North Slope oil and gas operations will grow in response to ongo-

Table 1
Industrial Employment Forecast
Monthly Average Employment by Quarter
Alaska

	Q1 1986	Q2 1986	Q3 1986	Q4 1986	Q1 1987	Q2 1987	Q3 1987	Q4 1987
Nonag. Wage & Salary	221700	235250	249800	233650	224950	239150	253350	236050
Construction	13400	17450	21550	17300	11950	16000	20100	14550
Mining	9350	9500	9750	8950	9550	9800	10100	9350
Manufacturing	8100	11750	18650	9300	8400	12000	18900	9350
Food & Kindred Products	3200	5100	12800	4000	3500	6450	13150	4200
Lumber & Paper Products	1750	2450	2550	2050	1700	2400	2450	2000
All Other Manufacturing	3150	3200	3350	3250	3200	3200	3300	3200
Trans. Comm. & Utilities	17800	19200	20500	18700	17900	19500	20800	18900
Trucking & Warehousing	1900	2050	2250	1950	1800	2100	2350	1950
Water Transportation	1150	1400	1750	1500	1200	1450	1850	1550
Air Transportation	5850	6500	7000	6300	6000	6650	7050	6450
Other Trans. Comm.	8900	9250	9550	8950	8900	9250	9550	8950
Trade	43700	46500	48600	47300	45200	48000	50100	48800
Wholesale	8600	9050	9450	9100	8950	9450	9800	9450
Retail	35100	37500	39200	38200	36200	38600	40300	39300
Gen. Mer. & Apparel	5100	5300	5650	5850	5350	5500	5850	6050
Food Stores	6050	6450	6700	6550	6300	6700	6900	6800
Eating & Drinking Places	12450	13850	14650	13750	13000	14350	15150	14250
Other Retail Trade	11450	11900	12250	12100	11550	12000	12350	12200
Finance Ins. & Real Estate	13300	13800	14100	13900	13800	14300	14600	14400
Services & Misc.	44550	45600	47050	45450	45400	46500	48100	46350
Government	71500	71500	69600	72800	72800	73000	70700	74300
Federal	17400	18150	18500	17700	17750	18450	18750	18000
State	21250	20750	20300	21400	21250	20800	20300	21450
Local	32850	32500	30850	33700	33850	33750	31650	34900

Table 2
Industrial Employment Forecast
Annual Average and Percent Change
Alaska
1984-1987

	Annual Average 1984	Annual Average 1985	1984-85 Percent Change	Annual Average 1986	1985-86 Percent Change	Annual Average 1987	1986-87 Percent Change
Nonag. Wage & Salary	225000	230350	2.4%	235100	2.1%	238400	1.4%
Mining	8800	9250	5.1%	9400	1.3%	9700	3.4%
Construction	20100	18800	-6.5%	17450	7.3%	15600	-10.2%
Manufacturing	11200	11650	4.0%	11950	2.4%	12200	1.8%
Food & Kindred Products	6000	6250	4.2%	6500	4.6%	6800	4.6%
Lumber & Paper Products	2200	2200	0.0%	2200	0.0%	2100	3.2%
All Other Manufacturing	3000	3200	6.7%	3250	0.0%	3200	0.0%
Trans. Comm. & Utilities	18900	18750	0.1%	19050	1.5%	19300	1.2%
Trucking & Warehousing	2300	2200	-4.3%	2050	8.5%	2050	2.5%
Water Transportation	1300	1400	7.7%	1450	4.8%	1500	3.6%
Air Transportation	6000	5850	2.5%	6400	8.8%	6550	2.4%
Other Trans. Comm.	9200	9200	0.0%	9200	0.0%	9200	0.0%
Trade	44600	45300	1.6%	46500	2.7%	48000	3.2%
Wholesale	8600	8750	1.7%	9050	3.1%	9450	4.3%
Retail	36000	36550	1.5%	37500	2.5%	38600	3.2%
Gen. Mer. & Apparel	5100	5250	2.9%	5450	4.7%	5700	3.9%
Food Stores	5800	6150	6.0%	6450	4.9%	6700	3.9%
Eating & Drinking Places	13000	13250	1.9%	13650	3.3%	14200	3.8%
Other Retail Trade	12100	11950	1.2%	11900	4%	12050	1.0%
Finance Ins. & Real Estate	12300	13100	6.5%	13750	5.1%	14300	3.8%
Services & Misc	43200	44650	3.4%	45650	2.3%	46600	2.0%
Government	65900	68900	4.6%	71300	3.5%	72700	1.9%
Federal	18300	17600	-3.8%	17900	1.7%	18200	1.5%
State	19200	20500	6.8%	20900	2.2%	20950	0.2%
Local	28400	30800	8.5%	32500	5.4%	33500	3.3%

Table 3
Industrial Employment Forecast
Monthly Average Employment by Quarter
Anchorage

	Q1 1986	Q2 1986	Q3 1986	Q4 1986	Q1 1987	Q2 1987	Q3 1987	Q4 1987
Nonag. Wage & Salary	112350	116900	121850	118850	115750	119500	123950	121400
Mining	4300	4400	4450	4350	4550	4650	4700	4550
Construction	7000	8400	10200	8450	6400	7600	9400	8050
Manufacturing	2400	2750	3750	2750	2550	2950	3900	3000
Food and Kindred Products	300	550	1450	500	400	700	1500	600
Other Manufacturing	2100	2200	2300	2250	2150	2250	2400	2400
Trans. Comm. & Utilities	9250	9700	10300	9600	9500	10100	10600	9950
Trucking & Warehousing	1200	1300	1350	1300	1250	1300	1300	1200
Water Transportation	350	400	450	400	400	450	450	400
Air Transportation	3550	3750	4050	3700	3650	3950	4150	3800
Other Trans. Comm.	4150	4250	4450	4300	4200	4400	4700	4550
Trade	27900	28700	29550	29800	29000	29600	30300	30400
Wholesale	6750	7050	7050	7000	6950	7150	7200	7100
Retail	21150	21650	22500	22800	22050	22450	23100	23350
Gen. Merchandise	1600	1550	1650	1800	1650	1650	1750	1800
Food Stores	3050	3200	3300	3200	3150	3250	3350	3400
Eating and Drinking Places	8200	8500	8900	8850	8700	8850	9100	9050
Other Retail Trade	8300	8400	8650	8950	8550	8700	8900	9100
Finance Ins. & Real Estate	9100	9250	9450	9550	9550	9600	9700	9750
Services & Misc.	26400	27250	27750	27450	27600	28250	28600	28450
Government	26550	26450	26400	26900	26600	26750	26850	27150
Federal	9800	9850	10050	9800	9800	9900	10000	9600
State	7200	7100	7000	7450	7150	7200	7350	7600
Local	9550	9500	9350	9650	9650	9650	9500	9950

ing recovery enhancement operations of the Prudhoe Bay and Kuparuk fields and the development of marginal North Slope oil fields. New fields coming on line in 1986 and 1987 are Milne Point, Lisburne and Endicott.

The North Slope is a mainstay of U.S. domestic oil production. Since start up in 1977 the Prudhoe Bay field has produced 4 billion barrels of oil while the Kuparuk field has produced 700 million barrels in its three year life. Together they send 1.5 million barrels a day through the pipeline supplying 18% of the nation's annual domestic crude oil production. Anchorage plays an vital part in this production as the location of oil company headquarters. Some growth is anticipated in coal, precious metals, and nonmineral mining employment, primarily related to exploration.

Construction

Construction employment is forecast to decline 9.6% in 1986 and 7.6% in 1987. A surplus of residential and commercial space and declines in state funded construction projects contribute to this decline. Some large publicly funded projects for the 1986 building season are the Project 80's Performing Arts Center and new police headquarters. Large private projects include Providence Hospital Project 1990 expansion which will double the size of the hospital. Humana Hospital will be completing its expansion and remodeling. Major retail construction include the 326,000 square foot expansion of Dimond Mall.

The proposed downtown mall will add impetus to the construction sector. The planning stage continues in earnest but no final plans have been approved. Other projects include hotel expansion and schools. The bond issues passed in October 1985 will provide $103 million in school bonds, $15.5 million for roads and $25 million for waste water and water quality projects.

Government

Government is forecast to expand by 1.5% in 1986 and 0.9% in 1987. Federal government is anticipated to remain stable throughout the forecast period. The continual transfer of many federal functions to the state government and increases in employment at the University of Alaska and Anchorage Community College will push state government employment up 3.5% by 1987.

The Anchorage School District will contribute a large share of local government growth, though the demand for noneducational services also contributes to local government increases. However, since state revenues are falling, a larger share of the burden will rest on Anchorage residents for additional services. Should state revenues fall enough to require cuts in state employment, the loss of revenues and employment will be detrimental to growth in local government employment.

Secondary Industries

The secondary or distributive industries consist of transportation, communications and utilities; trade; finance, insurance and real estate (FIRE); and services. A surge in population and income during the 1980-1984 period generated rapid employment growth in these sectors, led by trade and FIRE. Since population and income are expected to stabilize in 1986 and 1987, employment growth in the secondary industries is forecast to adjust from rapid to moderate growth. These industries will benefit as Anchorage continues to replace lower 48 cities as the source of goods and services previously unavailable in Alaska. Increased tourism in 1986 and 1987 will add impetus to firms providing goods and services to tourists, such as accommodations, gift shops, and air and bus transportation.

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Economic Outlook-Fairbanks

By Neal Fried

Fairbanks is presently at the end of a period of rapid economic growth. The average annual employment growth rate during the past five years has been 6%, a rate of growth which has been the envy of much of the nation. Most of the economic development that has taken place since 1980 was a result of revenue generated from oil industry development. However, recent declines in the value of oil have resulted in revenue declines. This revenue decline, though not precipitous, is having a dampening effect on the entire state's economy. Fairbanks, unlike much of the state, may be shielded to a degree because it has found a substitute source for economic growth, the military.

In 1984 the army announced the possibility of Fairbanks being chosen as the headquarters for a light infantry division. A number of areas in the country contended for the division, but Fairbanks was chosen in late 1985. The exact number of military personnel was still uncertain when this forecast was produced, but it appears that approximately 3,300 additional soldiers will be stationed at Fort Wainwright. This represents a more than doubling of the base's military population. The average number of dependents per soldier is approximately 1.27, which means the total gain in Fairbanks' military population could be 7,450 or more. The population is not expected to increase abruptly, but will gradually build up over a period of at least four years. Although the bulk of the troops will not arrive until 1987, construction of some facilities is expected to begin in 1986.

The economic activity created by the expansion of the military is not expected to be on the same scale as the construction of the oil pipeline or recent state spending but the military's impact on Fairbanks should be great enough to keep Fairbanks' economy growing during the forecast period in spite of falling oil revenues. The exact impact is difficult to assess because numbers and timetables are still unclear. Presently, 1987 appears to be the big year for military expansion. Preliminary figures indicate 1,200 new soldiers arriving in 1987 and a construction budget in excess of $200 million for housing and other facilities. This is more money than was ever appropriated to Fairbanks from the state legislature for any one year in the past. It also exceeds any total residential and commercial permit construction valuation amount for the Borough in the 1980s. Given these assumptions and no precipitous decline in oil revenues, our forecast for the next two years keeps Fairbanks' economy growing by 3% in 1986 and 3.9% in 1987.

North Slope activity is expected to pick up during the next two years. This should provide an additional boost to Fairbanks both as an employer for Fairbanks residents and a supplier of goods and services.

Growth Industries

Six of Fairbanks' eight industries are projected to grow during the two year forecast period. They include construction; trade; services; finance, insurance and real estate; manufacturing; and government. Forecasting the construction industry would have been simple if the military expansion was not on the horizon. Without the military expansion, construction was expected to decline moderately in 1986 because of a drop in residential and commercial activity. Instead a repeat of 1985 levels is expected in 1986, and 1987 will grow because of large scale military related construction. Some of these industries, particularly trade and services, would have grown during the forecast period with or without the military, but the military expansion will push their employment even higher. Manufacturing, though only a small support industry in Fairbanks, will continue to grow with the general expansion in the economy. Though restrained by falling oil revenues, government is expected to increase at both the state and local levels to accommodate a growing secondary school and resident population. Federal government will grow because additional civilian support at Ft. Wainwright will accompany the expansion.

The Remainder of the Economy

Transportation, communication and utilities will remain largely unchanged during the forecast period. This industry tends to be extremely stable over the long run, though recently it has experienced some small losses. Mining is expected to decline slightly because mineral prices remain low providing little incentive for new gold production.

Economic Outlook-Southeast Alaska

By John Boucher

The Southeast Alaska industry employment forecast for 1986 and 1987 projects slight growth in employment. From 1980 to 1984 employment in Southeast experienced heady growth as did much of the remainder of the state. During the last year this growth rate in employment has slowed dramatically, primarily due to a decline in construction employment. During the next two years other major growth industries of Southeast Alaska, namely the secondary industries of services and trade, will slow their rate of growth in employment. Industries which have had deteriorating employment during the past several years, such as transportation and manufacturing will continue to experience employment losses in 1986 and 1987. Overall, employment is expected to grow at a rate just slightly above one percent a year during both years of the forecast, which will be a slower rate than what is expected for the rest of the state.

Manufacturing

Southeast Alaska's manufacturing industry will continue to experience employment losses throughout the forecast period. Beginning in 1980, the manufacturing industry in Southeast began to deteriorate at a rather steady pace, losing two to four percent of its employment every year. The reason for the decline is the decline of Southeast Alaska's wood processing industry. The wood processing industry's outlook for the next several years holds no solution that would suggest the industry will recover from its current problems. The lumber and paper products sector will decline two to three percent in 1986 followed by a more than five percent drop in 1987. This forecast does assume that the Sitka pulp mill will continue to operate in the sporadic fashion that it has during the past several years, which may be somewhat optimistic considering the mill's current battle with the Environmental Protection Agency over antipollution control equipment.

Losses in the pulp and paper products sector are anticipated to be offset somewhat by gains in Alaska's fishing industry. Shellfish are anticipated to make a small comeback near the end of the forecast period, as well as the expansion of the bottomfish industry to Southeast Alaska. These two factors as well as the continuation of excellent salmon runs due to the fruition of Alaska's fisheries enhancement program will help boost seafood processing employment by 5% during the two year period.

Government

Southeast Alaska's largest industry, government employment, is anticipated to remain relatively stable during this forecast period. Decreasing revenue will put the squeeze on the state's operating budget beginning in fiscal year 1987 and local governments will feel the pinch in their own operating budgets. This doesn't mean that the cities of Southeast will stop providing services to their residents, however it does mean that the cities may be forced to raise taxes or user fees to generate the necessary revenue to provide the same level of services. In some cases, a growing population and the need for expanded infrastructure and ongoing maintenance will force the cities that can afford it to expand services. It is expected that the local government sector will be the only one of the three sectors of government that will grow during the forecast period.

State government employment is expected to be relatively stable in the Southeastern region although it may be an area of growth for other parts of the state. The primary reason for this is the continuing growth of the Anchorage/MatSu/Kenai Peninsula areas. Regional offices of some departments will probably be expanded to meet the needs of the growing population in these areas, while Southeast with its lesser population and growth will not be in need of the extra work force and facilities.

Construction

Spurred by a growing population, increasing state revenues, and an enormous amount of residential and commercial construction in Juneau following the resolution of the capital move issue, construction was the most rapidly growing industry in the region from 1980 to 1984. In 1985, however the picture began to change. A slower residential housing market and a glut of commercial space in Juneau slowed construction in the region from the previous four years' pace. Construction in Southeast Alaska was off more than ten percent in 1985. During the forecast period construction is projected to remain near 1985's level. While the residential and commercial markets will remain sluggish throughout the forecast period, capital projects such

Table 4
Industrial Employment Forecast
Annual Average and Percent Change
Anchorage
1984-1987

	Annual Average 1984	Annual Average 1985	1984-85 Percent Change	Annual Average 1986	1985-86 Percent Change	Annual Average 1987	1986-87 Percent Change
Nonag. Wage & Salary	112050	115600	3.2%	117650	1.8%	120150	2.1%
Mining	3900	4150	6.4%	4400	6.0%	4600	4.5%
Construction	10050	9400	-6.5%	8500	-9.6%	7850	-7.6%
Manufacturing	2650	2800	5.7%	2900	3.6%	3100	6.9%
Food and Kindred Prod	650	700	7.7%	700	0.0%	800	14.3%
Other Manufacturing	2000	2100	5.0%	2200	4.8%	2300	4.5%
Trans. Comm. & Utilities	9150	9400	2.7%	9700	3.2%	10000	3.1%
Trucking & Warehousing	1250	1250	0.0%	1250	0.0%	1250	0.0%
Water Transportation	350	350	0.0%	400	14.3%	400	0.0%
Air Transportation	3700	3700	0.0%	3750	1.4%	3900	4.0%
Other Trans. Comm.	3850	4100	6.5%	4300	4.9%	4450	3.5%
Trade	27000	28150	4.3%	29000	3.0%	29850	2.9%
Wholesale	6550	6750	3.1%	6950	3.0%	7100	2.2%
Retail	20450	21400	4.6%	22050	3.0%	22750	3.2%
Gen. Merchandise	1650	1600	-3.0%	1650	3.1%	1700	3.0%
Food Stores	2950	3150	6.8%	3200	1.6%	3300	3.1%
Eating and Drinking Pl	7950	8400	5.7%	8650	3.0%	8950	3.5%
Other Retail Trade	7900	8250	4.4%	8550	3.6%	8800	2.9%
Finance-Ins. & Real Estate	8650	9050	4.6%	9350	3.3%	9650	3.2%
Services & Misc	25200	26450	5.0%	27200	2.8%	28250	3.9%
Government	25450	26200	2.9%	26600	1.5%	26850	0.9%
Federal	10150	9900	-2.5%	9900	0.0%	9850	-0.5%
State	6600	7050	6.8%	7200	2.1%	7300	1.4%
Local	8700	9250	6.3%	9500	2.7%	9750	2.6%

Table 5
Industrial Employment Forecast
Monthly Average Employment by Quarter
Fairbanks
1986-1987

	Q1 1986	Q2 1986	Q3 1986	Q4 1986	Q1 1987	Q2 1987	Q3 1987	Q4 1987
Nonag. Wage & Salary	[illegible]	[illegible]	[illegible]	[illegible]	29450	30800	[illegible]	[illegible]
Mining	[illegible]	[illegible]	[illegible]	[illegible]	100	150	200	[illegible]
Construction	[illegible]	[illegible]	4650	2950	2800	3100	3950	[illegible]
Manufacturing	550	[illegible]	[illegible]	[illegible]	550	580	[illegible]	[illegible]
Trans., Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	2700	2800	[illegible]	[illegible]
Trade	[illegible]	[illegible]	[illegible]	[illegible]	6050	6750	[illegible]	[illegible]
Wholesale	1050	[illegible]	[illegible]	1150	1100	1150	1250	[illegible]
Retail	4950	[illegible]	[illegible]	5400	4950	5600	5850	[illegible]
Finance, Ins. & Real Estate	950	1000	[illegible]	1000	950	1000	1050	1000
Services & Misc.	5550	[illegible]	[illegible]	5750	5550	5850	6200	[illegible]
Government	9750	[illegible]	[illegible]	10250	10350	10500	10100	[illegible]
Federal	2700	[illegible]	[illegible]	[illegible]	2950	3100	3150	[illegible]
State	4050	[illegible]	[illegible]	[illegible]	4200	4200	4150	4450
Local	3000	[illegible]	2800	3150	3200	3200	2800	[illegible]

Table 6
Industrial Employment Forecast
Annual Average and Percent Change
Fairbanks
1984-1987

	Annual Average 1984	Annual Average 1985	1984-85 Percent Change	Annual Average 1986	1985-86 Percent Change	Annual Average 1987	1986-87 Percent Change
Nonag. Wage & Salary	27700	28600	3.2%	29450	3.0%	30600	3.9%
Mining	150	150	0.0%	150	0.0%	150	0.0%
Construction	2850	2850	0.0%	2850	0.0%	3000	5.3%
Manufacturing	500	550	10.0%	600	9.1%	600	0.0%
Trans. Comm. & Utilities	2800	2750	-1.8%	2750	0.0%	2750	0.0%
Trade	5800	6100	5.2%	6450	5.7%	6750	4.7%
Wholesale	1050	1050	0.0%	1100	4.8%	1200	9.1%
Retail	4750	5050	6.3%	5350	5.9%	5550	3.7%
Finance Ins. & Real Estate	950	1000	5.3%	1000	0.0%	1000	0.0%
Services & Misc.	5400	5550	2.8%	5700	2.7%	5900	3.5%
Government	9250	9650	4.3%	9950	3.1%	10450	5.0%
Federal	2700	2750	1.9%	2850	3.6%	3100	8.8%
State	3850	4050	5.2%	4150	2.5%	4250	2.4%
Local	2700	2850	5.6%	2950	3.5%	3100	5.1%

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 10/85	R/ 9/85	10/84	P/ 10/85	R/ 9/85	10/84	P/ 10/85	R/ 9/85	10/84	P/ 10/85	R/ 9/85	10/84

as the Juneau Pioneers home, expansion of Bartlett Hospital, the Douglas Library, Wrangell High School, and road and airport improvements will keep the construction workers of Southeast Alaska busy for the next several years.

Secondary Industries

The secondary industries of trade, services, and finance, insurance and real estate will generally perform well the next two years. The transportation industry, which includes communications and public utility firms, will be an exception to this pattern. Transportation has been experiencing a steady decline in employment, somewhat parallel to the decline that is being experienced in the manufacturing industry. In part this is due to the decreased stevedoring activity that is directly related to the amount of wood products that are shipped to the Japanese market, but this was not the only factor. Consolidation of facilities such as Alascom's, and a less labor intensive air transportation industry have also been contributing factors. Increasing competitive pressures in the communications and transportation industries will continue to make these industries more mechanized and less labor intensive in the next several years.

Trade and services will continue to be fairly strong growth industries during the next several years after a slowdown in 1985. Compared to other areas of the United States, Alaska has a much smaller share of both these industries relative to total employment indicating that potential for growth in these industries is still good. Investment in these industries by the financial institutions will probably be more guarded than it was during the freewheeling days of the last four years, but high per capita disposable income in the majority of the Southeast will allow for steady growth in these industries.

Alaska

By John Boucher

What Others Say About 1986-87

The approach of a new year is always accompanied by a deluge of predictions about what is in store for the new year. Economists, never a group known to buck a recurring trend, are some of the leading purveyors of prognostication each holiday season as they do their best to predict the economy during the next year or so.

This month's issue of *Alaska Economic Trends*, in particular the proceeding article, was the fruition of the Research and Analysis sections efforts to forsee economic events of 1986 and 1987. Particularly, our efforts focused on how economic events in the next two years will impact wage and salary employment in Alaska. No forecast occurs in a vacuum however, and when the results of our forecast were completed we took a look around at some of our peers to see what they had to say about the future.

First Interstate Bancorp's Forecast 1/

First Interstate's Bancorp, a regional bank with affiliates and licensees primarily located in the western U.S., produced a 1986-1987 forecast that reads very similarly to the forecast produced by Research and Analysis. Overall slower gains were predicted in nonagricultural wage and salary employment than have occurred since 1980 because continued weakness in oil and lumber prices began to filter their way through the Alaskan economy. First Interstate calls the construction industry the key to forecasting the Alaskan economy, because of the large state expenditures that are injected into the economy through infrastructure expenditures on roads, schools, government buildings and housing subsidies. They cite declining state revenues, a significant amount of surplus residential and commercial space in the Anchorage, Fairbanks and Juneau markets as well their own forecast of rising interest rates as three reasons why the outlook for construction employment does not look as promising as the past several years.

Overall the First Interstate forecast is a touch more optimistic when it comes to predicting wage and salary employment gains during the next two years. First Interstate predicts a 3.3% growth rate in employment in 1986 which will be followed by a 2.9% gain in 1987. Research and Analysis' forecast came in at 2.1% for 1986 and 1.4% employment growth in 1987. The difference between the two forecasts could be either in the magnitude of the expected declines in construction during the forecast period, or the amount which the secondary indus-

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	P/ 10/85	R/ 9/85	10/84	Changes From: 9/85	 10/84
Nonag. Wage & Salary	235800	244100	230800	-8300	5000
Mining	9600	9600	9000	0	600
Construction	21300	22900	19800	-1600	1500
Manufacturing	9600	14500	9200	-4900	400
Food & Kindred Prod.	4200	8900	3900	-4700	300
Lumber & Paper Prod.	2200	2300	2300	-100	-100
All Other Mfg.	3200	3300	3000	-100	200
Trans. Comm. & Utilities	19700	20300	19100	-600	600
Trucking & Whseing	2300	2400	2400	-100	-100
Water Transportation	1500	1600	1400	-100	100
Air Transportation	6400	6600	6000	-200	400
Other Trans. Comm. & Utilities	9500	9700	9300	-200	200
Trade	47000	46900	46200	100	800
Wholesale	8900	9100	8600	-200	300
Retail	38100	37800	37600	300	500
Gen. Mer. & Apparel	5400	5300	5200	100	200
Food Stores	6200	6200	6100	0	100
Eating & Drinking Pl.	14200	14100	13900	100	300
Other Retail Trade	12300	12200	12400	100	-100
Finance-Ins. & R.E.	13700	13500	12800	200	900
Services & Misc.	44600	45600	43900	-1000	700
Government	71000	71000	68300	0	2700
Federal	18000	18100	18200	-100	-200
State	21100	21100	20100	0	1000
Local	31900	31800	30000	100	1900

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools and persons employed by the University of Alaska.

Benchmark Date March 1984.

P/ Denotes Preliminary Estimates

R/ Denotes Revised Estimates

tries are expected to be slowed due to the retarding of income growth. Most likely a combination of these two factors accounts for the difference.

Another aspect of First Interstate's forecast is worth mentioning. Factors that affect Alaska's economy, particularly the civilian labor force, unemployment rate, and total population, are often directly related to the performance of the economies of Alaska's Pacific Northwest neighbors of Washington and Oregon. If the economy of Alaska is performing better than these two states, as it did during 1982 and 1983, it can act as a catalyst for growth in both population and the civilian labor force which in turn affect the unemployment rate. Sizing up the expected growth of Washington and Oregon can be an important factor in the overall Alaskan economic picture.

First Interstate predicts that the states of Washington and Oregon will both grow at slightly slower rates than what they predict for Alaska in 1986 and 1987. Oregon's predicted growth rate is 2.0% for 1986 and 2.2% in 1987. Washington's growth rate is expected to be 3.1% in 1986 and no growth rate is given for 1987. While Alaska's predicted percentage growth rate is higher than these two states, the difference is not significant enough to generate the kind of population and labor force growth that occurred in Alaska from 1980 to 1984. It could be inferred from the First Interstate forecast though that Alaska will remain a somewhat attractive place for Pacific Northwesterner's to relocate to, although not as attractive as it was several years ago.

Alaska Mutual Bank Forecast for Anchorage 2/

The Alaska Mutual Bancorporation's economic forecast for the Anchorage area predicts the moderation of employment growth in Anchorage, much as our own Research and Analysis forecast does. The percentage change in total employment though is an area of distinct difference in the two forecasts, and the industry breakdown really represents a difference of opinion. Total employment growth for the Anchorage area as predicted by Alaska Mutual's forecast is expected to be 2.5% for 1986, while Research and Analysis pegs Anchorage total employment growth at 1.8% for the same period.

Both of the forecasts recognize the importance of the construction sector to recent employment growth in the Anchorage area, but the two forecasts see some difference in the magnitude of the construction downturn for next year. Alaska Mutual sees Anchorage's construction industry losing just under 3.0% of its 1985 level of employment while the Research and Analysis forecast expects construction in Anchorage to drop 9.6% from 1985's level.

Other industry differences are fairly small compared to the difference in construction. Alaska Mutual's forecast is slightly less optimistic about the services industry than the R & A forecast, 2.5% employment growth versus 2.8%, but Alaska Mutual is more optimistic about the government sector than Research and Analysis, predicting 3.0% growth during 1986 to the 1.5% predicted by Research and Analysis.

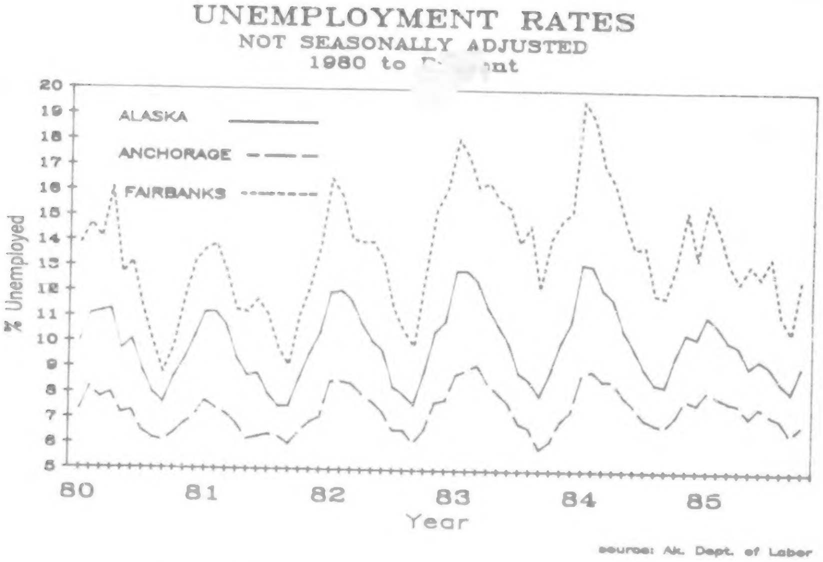
While each of the forecasts mentioned in this article as well as some others that were not mentioned have their own outlooks for next year, the overall theme of just about every forecast produced this year has been moderation and stabilization. State revenues, the fuel that was running the state's engine of economic growth, are now contracting. While this points to a slowdown in the rate of growth of the economy, it doesn't point to a collapse in employment growth. Alaska has historically weathered periods following rapid economic growth rather well and the building of a stronger support sector during the last four years will help Alaska continue to grow at a time when the oil industry is experiencing difficulty.

Current Trends

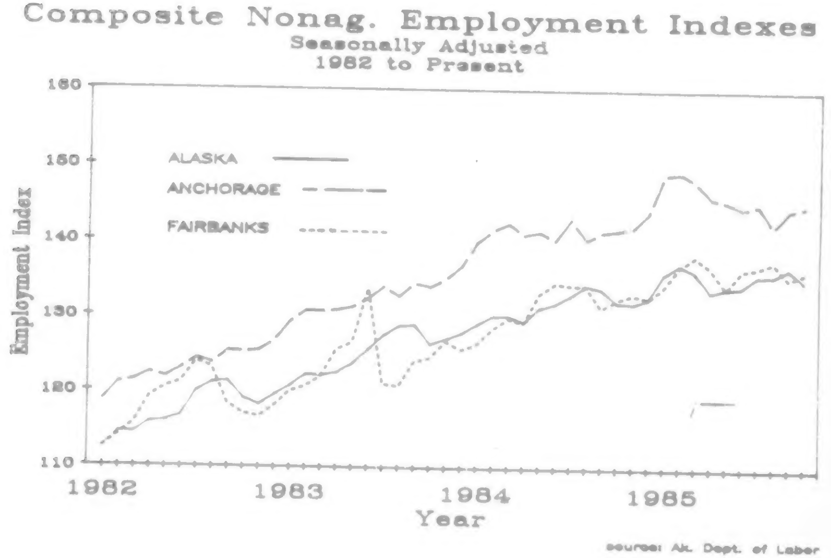
Alaska wage and salary employment declined in the month of October by 8,300 jobs. Seasonal declines in manufacturing, construction and tourism related firms (primarily the services industry) dominated the Alaskan job outlook during October. Declines in the manufacturing industry were due to end of season layoffs at fish processing plants around the state as well as the slowdown of logging and wood processing activity. Construction related declines were felt most heavily in the Interior region of the state where colder weather tends to curb construction activity a little sooner than the rest of the state. Declines in services employment were caused by layoffs in hotels which cater primarily to peak summer traffic, as well as to tour companies laying off their Alaskan staffs until next year. Trade was the industry which experienced employment gains during the month. An increase in retail trade activity was the reason for this increase in employment.

1/ *1986-1987 Forecast* First Interstate Bancorp, First Interstate Economics, 707 Wilshire Blvd., W14-2, Los Angeles, California 90017.

2/ *Anchorage Economic Analysis*, Fall 1985. Alaska Mutual Bancorporation, Alaska Mutual Bank, 1500 West Benson Blvd., Pouch 4-9003, Anchorage, Alaska 99509.


UNEMPLOYMENT RATES
NOT SEASONALLY ADJUSTED
1980 to Present

source: Ak. Dept. of Labor


Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present

source: Ak. Dept. of Labor

Anchorage/MatSu

By Greg Huff

October Employment Trends

Seasonal layoffs characterized Anchorage's wage and salary employment statistics in October. As usual the greatest loss of jobs was in the construction industry, followed by the food processing sector which is a component of the manufacturing industry. Seasonal layoffs resulted in an increase in Anchorage's unemployment rate from 6.5% to 6.9% in October. This represented 8,314 unemployed workers. This level will continue to rise through February before starting downward as employment responds to seasonal increases in construction, fish processing and tourist related industries.

Anchorage's unemployment rate is not expected to increase much over the year although the economy is slowing. The growth of the labor force has slowed markedly because laid off workers leave the state and the influx of new workers to replace them has dropped off. Thus, the less than dynamic expansion in employment forecast for next year should be adequate to maintain the annual unemployment rate below 8.0%.

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	P/ 10/85	R/ 9/85	10/84	Changes From: 9/85	10/84
Nonag. Wage & Salary	118200	119600	115700	1400	2500
Mining	4200	4250	3850	50	350
Construction	10500	11500	11400	1000	-900
Manufacturing	2700	3250	2550	550	150
Food & Kindred Prod.	550	1050	500	500	50
Other Mfg.	2150	2200	2050	50	100
Trans. Comm. & Utilities	9550	9650	9150	-100	400
Trucking & Whseing	1250	1250	1250	0	0
Water Transportation	400	400	400	0	0
Air Transportation	3900	3900	3600	0	300
Other Trans. Comm. & Utilities	4000	4100	3900	100	100
Trade	28900	28550	28300	350	600
Wholesale	6750	6700	6700	50	50
Retail	22150	21850	21600	300	550
Gen. Merchandise	1650	1600	1750	50	-100
Food Stores	3350	3300	3350	50	0
Eating & Drinking Pl.	8650	8550	8500	100	150
Other Retail Trade	8500	8400	8000	100	500
Finance-Ins. & R.E.	8950	9050	8900	100	50
Services & Misc.	26300	26400	25450	100	850
Government	27100	26950	26100	150	1000
Federal	9800	9950	10100	150	300
State	7350	7250	6900	100	450
Local	9950	9750	9100	200	850

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage/MatSu

	P/ 10/85	R/ 9/85	10/84	Changes From: 9/85	10/84
Nonag. Wage & Salary	126450	127950	122850	1500	3600
Mining	4250	4250	3900	0	350
Construction	11600	12450	12400	850	800
Manufacturing	2800	3400	2700	600	100
Trans. Comm. & Utilities	10450	10650	9900	200	550
Trade	30650	30300	30050	350	600
Finance-Ins. & R.E.	9300	9400	9000	100	300
Services & Misc.	27800	28050	26900	250	900
Government	29600	29450	28000	150	1600

Table 7
Industrial Employment Forecast
Monthly Average Employment by Quarter
Southeast Alaska
1986-1987

	Q1 1986	Q2 1986	Q3 1986	Q4 1986	Q1 1987	Q2 1987	Q3 1987	Q4 1987
Nonag. Wage & Salary	[illegible]	30000	32950	28850	27000	30450	32100	29150
Construction	1200	1700	1950	1650	1150	1650	1900	1600
Manufacturing	[illegible]	3000	4350	2500	1950	3300	4250	2450
Food & Kindred Products	[illegible]	1800	2000	600	500	1050	2000	650
Lumber & Paper Products	[illegible]	2000	2100	1650	1250	2000	2000	1550
All Other Manufacturing	[illegible]	250	250	250	200	250	250	250
Trans. Comm. & Utilities	[illegible]	1800	2000	1650	1500	1800	2000	1700
Trade	4350	4850	5250	4800	4450	5050	5450	4950
Wholesale	[illegible]	400	450	400	350	400	450	400
Retail	[illegible]	4500	4800	4400	4100	4650	5000	4550
Finance-Ins. & Real Estate	1100	1100	1250	1150	1150	1200	1300	1200
Mining, Services & Misc.	4900	4900	[illegible]	4650	4850	5000	5300	4850
Government	[illegible]	12050	11400	12350	12100	12400	11900	12350
Federal	[illegible]	[illegible]	[illegible]	2000	2000	2000	2050	2000
State	[illegible]	5600	5450	5400	5500	5700	5650	5450
Local	4600	4650	4150	4850	4700	4700	4200	4900

Table 8
Industrial Employment Forecast
Annual Average and Percent Change
Southeast Alaska
1984-1987

	Annual Average 1984	Annual Average 1985	1984-85 Percent Change	Annual Average 1986	1985-86 Percent Change	Annual Average 1987	1986-87 Percent Change
Nonag. Wage & Salary	28850	29350	1.7%	29350	[illegible]	29750	1.4%
Construction	1850	[illegible]	[illegible]	[illegible]	[illegible]	1850	3.0%
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2950	1.6%
Food & Kindred Prod	900	1000	11.1%	1000	[illegible]	1050	3.2%
Lumber & Paper Prod	[illegible]	1850	[illegible]	1650	[illegible]	1700	3.0%
All Other Mfg	250	250	0.0%	250	0.0%	250	0.0%
Trans. Comm. & Utilities	1900	1950	[illegible]	1850	-5.1%	1900	2.7%
Trade	4600	4650	[illegible]	4800	3.2%	5000	4.2%
Wholesale	400	400	0.0%	400	0.0%	400	0.0%
Retail	4200	4250	1.2%	4400	[illegible]	4600	4.6%
Finance Ins. & Real Estate	1050	1100	4.8%	1150	4.6%	1200	4.4%
Mining, Services & Misc.	4500	4550	[illegible]	4750	4.4%	4900	3.2%
Government	11800	12100	2.5%	12100	0.0%	12250	1.2%
Federal	2100	2100	0.0%	2050	-2.4%	2050	0.0%
State	5450	5550	1.8%	5500	-1.0%	5550	0.9%
Local	4250	4450	4.7%	4550	2.3%	4650	2.2%

Fairbanks/Interior

By Neal Fried

Winter Chills Interior Economy

October's decline in employment is a sign that winter is on its way. Wage and salary employment fell by 850. Few industries escaped winter's impact on employment. Construction work on many projects came to an end during October's unusually cold spell. Construction employment declined by 16%. A total of six out of Fairbanks' eight industries lost employment this month.

Over the year comparisons remain on the positive side. For the first ten months of the year, wage and salary employment registers at 3.6% gain above year-ago levels. This is moderate compared to the past four years average growth rate of 6%.

The unemployment picture followed the employment trend in October, and climbed to 12.8%. Fairbanks' rate typically starts to climb in October as employment begins to decline. The rate will continue to climb and will not peak until January or February at four or five points above October's rate.

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

				Changes From:	
	P/ 10/85	R/ 9/85	10/84	9/85	10/84
Nonag. Wage & Salary	29850	30700	28900	-850	950
Mining	200	200	200	0	0
Construction	3100	3700	3200	-600	-100
Manufacturing	600	650	550	-50	50
Trans. Comm. & Utilities	2850	3000	2750	-150	100
Trucking & Whseing	400	400	400	0	0
Air Transportation	850	850	750	0	100
Other Trans. Comm. & Utilities	1600	1750	1600	-150	0
Trade	6350	6400	6000	-50	350
Wholesale	1100	1050	1100	50	0
Retail	5250	5350	4900	-100	350
Gen. Mer. & Apparel	600	600	550	0	50
Food Stores	900	800	800	100	100
Other Retail Trade	3750	3950	3550	-200	200
Finance-Ins. & R.E.	1000	1050	950	-50	50
Services & Misc.	5650	5750	5600	100	50
Government	10100	9950	9650	150	450
Federal	2900	2900	2650	0	250
State	4300	4150	4150	150	150
Local	2900	2900	2850	0	50

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

				Changes From:	
	P/ 10/85	R/ 9/85	10/84	9/85	10/84
Nonag. Wage & Salary	34100	35400	33500	-1300	600
Mining	300	300	300	0	0
Construction	3250	3950	3350	-700	-100
Manufacturing	650	700	550	-50	100
Trans. Comm. & Utilities	3550	3850	3550	-300	0
Trade	6700	6850	6400	-150	300
Finance-Ins. & R.E.	1100	1100	1050	0	50
Services & Misc.	5950	6150	5900	-200	50
Government	12600	12500	12400	100	200

Gulf Coast

By Neal Fried

Gulf Coast Unemployment Climbs

Gulf Coast's economy is quickly cooling down for the winter. The region's employment fell by 2,100. The end of the fishing, construction and tourism season is responsible for this steep decline in employment. Fish processing alone fell by 1,300. Few other industries were left unscathed.

After four months of relatively low unemployment, the region's unemployment rate climbed to the double digit level. In one short month the Kodiak and Valdez-Cordova unemployment rates increased from 5.6% and 6.0% to 9.5% and 9.2%. The winter economy of Kodiak and Cordova looks bleak again this year. There are no indications of any improvement in the king crab fishery. If the recent announcement made by the federal government concerning major federal cutbacks in the Coast Guard budget becomes reality, Kodiak's economy may have to absorb another dramatic shock.

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	P/ 10/85	R/ 9/85	10/84	Changes From: 9/85	Changes From: 10/84
Nonag. Wage & Salary	20700	22800	20300	-2100	400
Mining	850	850	800	0	50
Construction	2300	2600	2300	-300	0
Manufacturing	2550	3850	2550	-1300	0
Food & Kindred Prod.	1850	3150	1900	-1300	-50
All Other Mfg.	700	700	650	0	50
Trans. Comm. & Utilities	2100	2100	2150	0	-50
Trade	3600	3950	3350	-350	250
Wholesale	500	650	450	-150	50
Retail	3100	3300	2900	-200	200
Finance-Ins. & R.E.	700	700	650	0	50
Services & Misc.	3150	3400	3000	250	150
Government	5450	5350	5500	100	-50
Federal	550	550	500	0	50
State	1700	1750	1650	-50	50
Local	3200	3050	3350	150	150

Southeast Alaska

By John Boucher

October Employment Down 5.5%

Southeast Alaska nonagricultural wage and salary employment declined by 1,700 jobs in the month of October to 29,300 which meant a loss of more than 5% of the jobs in the Southeastern region during the month. The decline was across every industry in the region with the exception of government. Manufacturing employment, led by end of season layoffs in the seafood processing industry, was the largest single contributor to the drop in employment. A mill shutdown in the Ketchikan area also added to the decline in manufacturing employment.

The industry category of mining, services and miscellaneous was the next largest employment loser during the month (350 jobs) due primarily to seasonal declines in the hotel and motel sector of services. There were declines in the mining and miscellaneous categories of this industry, but they accounted for less than 10% of the industry employment drop. The transportation industry also experienced a drop off in employment during the month. The air transportation sector and other transportation sector, both of which are heavily affected by the tourist season, were the causes of the employment losses in the transportation industry. Construction employment remained relatively stable over the month, however it continues to show weakness in comparison to year-ago numbers.

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	P/ 10/85	R/ 9/85	10/84	Changes From: 9/85	Changes From: 10/84
Nonag. Wage & Salary	29300	31000	29450	-1700	-150
Construction	1750	1800	2150	-50	-400
Manufacturing	2600	3700	2650	-1100	-50
Food & Kindred Prod.	600	1550	600	-950	0
Lumber & Paper Prod.	1750	1900	1800	-150	-50
All Other Mfg.	250	250	250	0	0
Trans. Comm. & Utilities	1950	2150	2000	-200	-50
Trade	4750	4950	4900	-200	-150
Wholesale	400	400	400	0	0
Retail	4350	4550	4500	-200	-150
Finance-Ins. & R.E.	1050	1100	1100	-50	-50
Mining, Services & Misc.	4550	4900	4700	-350	-150
Government	12650	12400	11950	250	700
Federal	2150	2200	2000	-50	150
State	5600	5550	5450	50	150
Local	4900	4650	4500	250	400

Hours and Earnings

By Kathy Thomas

Benchmark and Hours and Earnings

Benchmarking is viewed as an updating of a series with new information. Department of Labor, Research and Analysis, series that are benchmarked annually include wage and salary employment statistics, unemployment statistics, occupational employment statistics, as well as others. Some of these series are benchmarked with actual enumerations, employment is an example. Hours and earnings data are revised annually by using benchmarked employment figures and increased sample size.

Wage and salary employment and hours and earnings data originate from the same data source, the Current Employment Statistics survey. For employment benchmarking purposes, employment estimates for March of the previous year are compared to an actual count of employment for the same time period. The actual employment count used is the ES-202 file of all employers, covered by unemployment insurance, who submit quarterly reports of monthly employment and quarterly payroll. The purpose of benchmarking is to align employment estimates that may have departed from true economic movement.

Because of data limitations in the ES-202 file benchmarking of hours and earnings to an actual enumeration is not possible. One problem is a lack of hours worked data on the ES-202 file. Without a report of the hours worked during a given time period no calculation of average weekly hours or average hourly earnings is possible. Average hourly earnings are calculated by dividing payroll for a given time period by hours worked for the same time period.

Average weekly hours are calculated by dividing total hours worked in a week by the production workers. That poses another problem with benchmarking hours and earnings. The ES-202 file only reports total employment. Average weekly hours and average hourly earnings are calculated only for production and nonsupervisory workers. Since production and nonsupervisory workers are not differentiated from other employees on the ES-202 file, accurate computations for benchmarking cannot be done.

Because hours and earnings are not benchmarked with a proven baseline hours and earnings series, they rely on an adequate sample of employers reporting payroll and workers hours and a well researched methodology. Adjustments must be made throughout the year to the hours and earnings data base. Late reporters to the sample are incorporated for each month they were missing to increase the sample size. Some reporters change their reporting status or find they made errors in their data that would affect hours and earnings. These changes are also incorporated into the data base to increase the reliability of hours and earnings data.

A further refinement to the calculation of hours and earnings is the inclusion of benchmarked employment numbers. Total employment numbers are used in conjunction with the sample employment and production workers to expand the sample data of an industry to represent the total industry. By using benchmarked employment which is based on an actual employment count, hours and earnings calculations are more accurate.

The inclusion of increased sample, adjustments to increase reliability, and addition of more accurate employment data all serve to refine hours information as finely as possible with existing techniques. Efforts are underway to benchmark hours and earnings with a complete enumeration but it is unlikely that a technique will be developed in the near future.

Updating hours and earnings data in the manner described here provides the third refinement in the series. First is preliminary estimates, then revised estimates, and finally 'benchmarked' estimates. For those who use average weekly hours and average hourly earnings as a time series, give consideration to updating the series with the improved hours and earnings data. Benchmarked hours and earnings information for 1985 will be available February 1986.

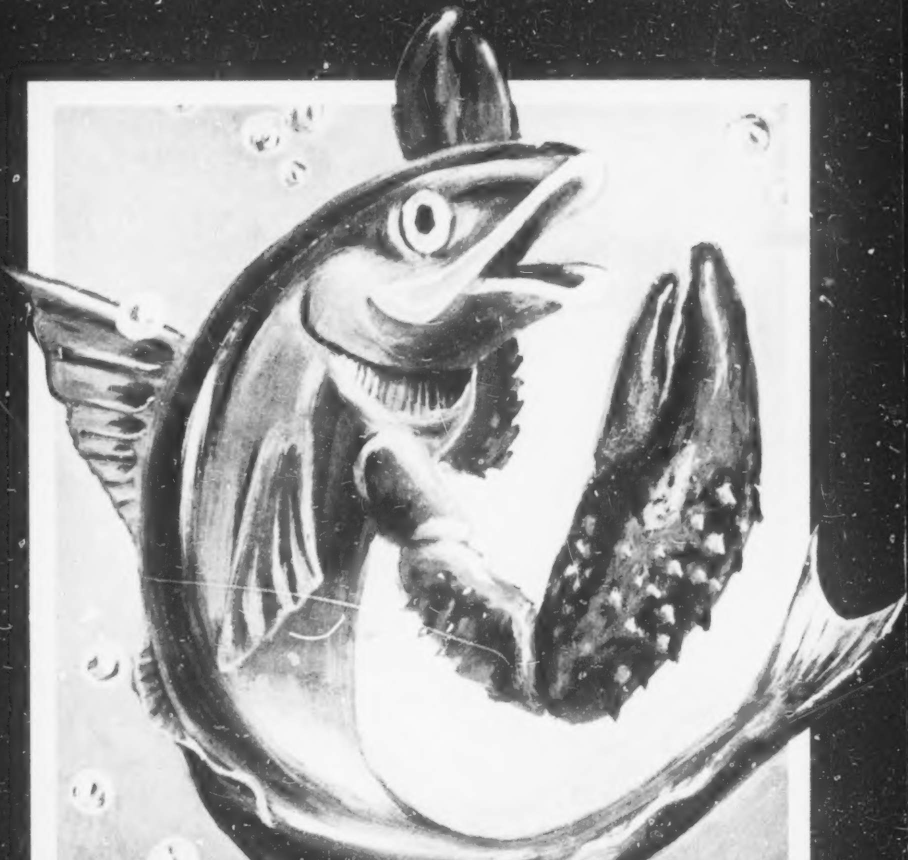
Current Trends

The food and kindred products sector of manufacturing began its seasonal increase in average hourly earnings and decrease in average weekly hours. Once the salmon have completed their run up the streams seafood processing employment decreases substantially. With no activity in the industry a decrease in average weekly hours results. The departing employees are the lower paid seasonal workers. Their departure leads to an increase in average hourly earnings.

Average weekly hours in the lumber and paper products sector of manufacturing are above year ago levels. This is a continuation of a trend that started in August following the closure of a pulp mill in Sitka. As a result of the closure the few remaining employees work full shifts rather than abbreviated work weeks.

JANUARY 1986
ALASKA ECONOMIC TRENDS

Alaska Department of Labor   Bill Sheffield, Governor, State of Alaska



1 Surimi Production in Alaska

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	P/ 10/85	R/ 9/85	10/84	P/ 10/85	R/ 9/85	10/84	P/ 10/85	R/ 9/85	10/84
Mining	$24.36	$24.63	$24.16	49.9	50.7	49.7	$1215.56	$1248.74	$1200.75
Construction	24.70	24.88	24.27	42.4	42.1	42.9	1047.28	1047.45	1041.18
Manufacturing	15.47	12.47	15.65	35.1	38.2	31.0	543.00	476.35	485.15
Food & Kindred Prod.	10.15	9.44	10.12	22.8	34.8	22.0	231.42	328.51	222.64
Lumber & Paper Prod.	17.76	16.23	17.61	44.1	45.3	33.9	783.22	735.22	596.98
Trans., Comm. & Utilities	16.08	15.51	15.86	37.1	40.2	37.3	596.57	623.50	591.58
Trade	11.76	11.97	10.69	33.5	34.2	34.8	393.96	409.37	372.01
Wholesale	14.86	14.94	12.86	36.8	38.0	38.0	546.85	567.72	488.68
Retail	10.45	10.66	9.84	32.3	32.7	33.7	337.54	348.58	331.61
Finance-Ins. & R.E.	—	—	—	—	—	—	399.88	422.36	399.28

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ Excludes eating and drinking establishments.

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Alaska Economic Trends

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Surimi Production in Alaska

By Kathy Thomas

An odorless, tasteless, gelatinous product is generating a lot of excitement in the fishing industry lately. A previously underutilized bottomfish is being harvested for production. The product is low in calories, 80 per 100 gram portion, low in fat, and high in protein. From this basic product innumerable different food commodities are being produced such as imitation king crab, other imitation seafood, and the potential for red meat substitutes. This product has been produced in Japan for hundreds of years and is called surimi.

Pollock is the primary fish used in production of surimi though other types of bottomfish can be used. Pollock is the preferred species because of its gelling property which is essential in high quality surimi. The fish is deboned and skinned, minced, and washed several times in pH adjusted water. It is then placed in a screwpress to remove the water. After the dewatering process it is strained to provide a uniform consistency. This product is either directly converted to a final product or a paste is made where salt, sugar, and sorbitol are added to preserve the gel strength during freezing. This final paste is formed into blocks and frozen.

To be converted into additional products the surimi is thawed and further processed. In the creation of simulated shellfish real shellfish flavoring or chemical flavorings are added. Occasionally real shellfish meat is added to enhance the product. These simulated products are called analogs in the industry. The shellfish analogs currently being produced are shrimp, crab, scallops, and lobster though crab is the most popular. Analogs of hot dogs and other meats are being experimentally produced though they are not currently commercial due to their high cost of production. Another potential use of surimi is as a high protein additive to regular foods. If surimi is substituted for ten percent of the beef in a pork-beef hot dog, the amount of fat and water lost during cooking is reduced by two-thirds. At present though the majority of the market is in seafood analogs.

The consumption of surimi in the U.S. has skyrocketed. In 1979 the U.S. consumed less than a thousand tons. By 1984, consumption increased to 30,000 tons. According to the Alaska Fisheries Development Foundation (AFDF), if surimi does not remain limited to seafood analogs consumption of surimi could increase to one billion pounds by 1990.

America is not the only country attracted to the low calorie, low fat fish product. England has increased consumption of crab analogs by several hundred percent. Factors limiting the market at this time include confusion over labelling and, for consumers, confusion about what the product actually is. The Food and Drug Administration says that surimi based analogs must be labelled as imitation since they are nutritionally inferior while similar in appearance to real products. U.S. Customs has recategorized shellfish blended surimi thereby upping the import tariff to ten percent. Obviously there is resistance to convert to new labelling since consumers might be reluctant to purchase an 'imitation' product, but the price advantage of surimi and consumer acceptance on the basis of taste as should eventually allow consumers to overlook the word imitation.

Ninety-nine percent of the world's pollock stock is in the cold North Pacific waters of Alaska, Japan, and the U.S.S.R. Before the U.S. became interested in surimi, the Japanese caught and processed pollock aboard huge factory trawlers. With the increased interest in the bottomfishery by the domestic fishing industry, joint ventures were entered into whereby domestic trawlers sold their bottomfish catch directly to the foreign factory ships. As interest further increased in the commercial potential for this abundant bottomfish, there was a move for domestication of the industry. In response new U.S. factory trawlers are on line or are being built.

Most of the bottomfish used in surimi production is caught by trawlers. A trawler drags a net that is held open by a beam or doors. The fish are collected in an enclosed end piece of the net called the cod end. A factory trawler is generally a larger trawler that also has surimi or fillet production facilities on board.

The main resistance to developing U.S. factory trawlers is capital cost and lack of convertibility. A trawler without a surimi factory costs about $5 million. A trawler with a surimi factory can cost $8-$20 million depending on size. Once a vessel is manufactured as a factory trawler it is too difficult to transform the vessel for another type of fishing. Limitations such as these leave the domestic fishing industry hesitant to jump into the surimi business.

Another possibility being explored is shore-based processing of surimi. A prototype facility was initiated by AFDF on a grant of Saltonstall-Kennedy (federal) funds. The facility owned by Alaska Pacific Seafoods began operations January 1985 in Kodiak. The location is convenient to major bottomfish harvesting activity. The facility is capable of producing 860,000 pounds of surimi of which a portion is used for market development. By having a shore-based surimi processor, existing trawlers can be used permitting more flexibility for the fish harvesters.

It was originally thought that shore-based facilities could not produce high quality surimi and the only way to obtain high quality was with factory trawlers on the fishing grounds. This concept originated before the U.S. knew what surimi was and while the Japanese were producing surimi. Japanese trawlers caught fish in the Bering Sea and put them in refrigerated holds. A number of days elapsed before the fish were delivered to Japanese shore-based processors resulting in a deterioration of fish quality. Processing of this lower quality fish resulted in lower quality surimi. Consumers preferred fish from factory trawlers where the fish was processed shortly after being caught resulting in a higher quality product.

It was a gamble when Alaska developed a shore-based processor because of the possibility that the surimi produced would be of an inferior quality. The first batch passed all grading standards except for color. Once adjustments were made subsequent batches have been of sufficient quality to rival the factory trawlers. Because of its proximity to the fishing grounds and an existing fleet of fish trawlers freshly caught fish are delivered in matter of hours rather than in a matter of days.

The Market for Bottomfish

The development of a U.S. surimi processor is the beginning of the U.S. entry into what has previously been an exclusively foreign market. When domestic versus foreign fishing is considered this is especially important. The 1985 groundfish apportionments for the Bering Sea/Aleutian Islands include a total allowable catch (TAC) of 1,300,000 metric tons (mt) of pollock. Of that allocation 28,220 mt are for domestic production and 407,550 mt are for joint venture production, 34% of TAC. Meanwhile, total allowable level for foreign fishing is 864,230 mt, 65% of TAC. Domestic production alone with no foreign intermediary comprises only 2% of TAC. That leaves 98% for domestic catch expansion. But the potential domestic catch cannot be realized without processors or markets to accept it. The new facility in Kodiak leads the way for further expansion of a U.S. based bottomfish industry.

If the market continues to be strong for bottomfish it would be in the U.S. interest to expand domestic production capability. Presently American pollock provides a large portion of Japan's surimi production. The present market structure involves Japanese catching and processing of pollock in the U.S. fishery conservation zone. The processed surimi is then sent back to Japan for conversion to finished products. These finished products are then exported back into the U.S. Considering the potential domestic harvest of pollock and increased U.S. market for surimi the future expansion of the seafood industry is significant.

Another possibility for expansion of the bottomfish industry is increasing interest in pollock fillets. The Alaska Seafood Marketing Institute (ASMI) recently received a grant for promotion of pollock fillets. Rather than a competition to surimi, pollock fillets are viewed by ASMI as a complement to the bottomfish industry with each item targeting a different market. Price will determine which product the processors will manufacture. Product yield (the amount of usable fish after it has been cleaned and filleted) on a pollock is about 20% for both surimi and fillets so the raw material cost is the same whichever is produced. Surimi would have a cost disadvantage to fillets because of additional processing required. If surimi costs more to produce than fillets yet the wholesale price is the same, then the more profitable venture would be fillets. Since initial processing, heading and filleting, are the same, a surimi plant should be able to make the conversion between fillets and surimi easily as wholesale prices change.

Depending on the timing and assuming the possibility of a growth in production of king crab and tanner crab harvests, surimi can affect the industry in several ways. The fish harvesting fleet would benefit from greater fishing opportunities. The seasons for crab will continue to remain short, especially in the near future while the season for pollock will continue to be extended. Even if fish harvesters break off bottomfishing for the crab season, they will likely return to bottomfishing to fully utilize their boats and other resources.

A problem emerges when evaluating the retail market. Surimi is entering the market as shellfish analogs mainly for use in salads, casseroles, and in other dishes where shellfish is used as an additive rather than by itself. Surimi's importance is also growing at a time when real crab harvest and use is declining thereby filling the niche left by nonexistent crab. The possibility exists that once crab stocks rebound, surimi will decline in importance as consumers revert back to 'real' product and away from 'imitation' product.

The other possibility is that surimi will maintain its dominance in home use in salads and casseroles and in fast food restaurants that need a large, inexpensive supply of seafood analogs. Also surimi is being tested for conversion to other foods and as an additive to meat products, expanding the market beyond analogs. Real crab will reopen its markets in white tablecloth restaurants as whole and split legs. The rate and nature of the market changes will be affected by how fast crab stocks recover and the level of surimi intrusion into the market when crab is again viable.

Alaska Pacific Seafoods is currently the only domestic producer of surimi. Two other surimi producers will begin operations in Dutch Harbor sometime in 1986. Both of these new facilities are joint ventures with Japanese companies. Ward's Cove Packing Company of Seattle is partners with Taiyo Fishery Company and Marubeni Corporation. Universal Seafoods of Seattle is partners with Nippon Suisan Kaisha of Japan. *Pacific Fishing* (August 1985 and September 1985) reports that each facility will require $10 million investment and will produce 25,000 tons of surimi a year.

According to *Seafood Business Report* (May/June 1985) a lot of the new facilities that convert surimi to finished analogs are either wholly owned subsidiaries or divisions of Japanese companies. A new facility in Seattle, Trans-Ocean Products, Inc., is the result of a joint venture between Western Alaska Fisheries, Inc., a subsidiary of Taiyo Fishing Co., Ltd. of Tokyo, and Steuart Investment Company of Washington, DC. Another facility that will soon be producing analogs is Universal Seafoods, a division of Nippon-Suisan. Taiyo, Nippon Suisan, and Kyokuyo are responsible for the majority of Japan's surimi business. Even with the establishment of U.S. conversion plants, the Japanese still possess the lion's share of surimi and analog production. U.S. shore-based surimi factories will have to fight to get their product accepted. As it is, analog production facilities would be reluctant to relinquish firm, established, foreign suppliers for shaky, new, domestic suppliers of surimi.

The previous situation outlines the potential for vertical integration in surimi and analog production, even with a shore-based processor. One company owning a factory trawler and a conversion plant would be integrated from the point of catching the fish to producing a final retail product. A similar but slightly more complicated situation exists with a shore-based surimi factory. A company would need to own the trawlers, factory, and a conversion plant. From the previous paragraph it is seen that at least two Japanese surimi firms are vertically integrated from the factory trawler to conversion plant. The high level of Japanese integration could be disrupted with the expansion of the domestic fishing fleet and resulting increases in the U.S. share of the bottomfish allocation. As domestic pollock fishing increases and more domestic processors are brought on-line, there would be a shift to increased domestic vertical integration. The change would be gradual and could end up with various stages of interdependence between Japan and the U.S.

Employment Opportunities

As the domestic bottomfish industry expands, domestic employment in the bottomfish industry also expands. Trawlers supplying joint ventures or floating processors should not affect the employment situation. Most of these trawlers are converted king crab vessels seeking to utilize their investment. Also, an established pool of trawlers is developing in response to joint ventures. These crew members will mostly result in a shift of employment from one fishery to another.

A shore-based surimi producer employs about 24 production employees on a given day, 12 per shift and two shifts operating a day. On the average a commercial surimi facility produces 25,000 tons of surimi a year. With a pollock recovery rate of 20%, 125,000 tons of pollock would be required for each facility to produce 25,000 tons of surimi. Since the most recent pollock apportionment is 1,433,300 tons, 1,300,000 mt, the pollock resource would be completely maximized at 12 surimi factories. By using the total allocation of pollock for surimi production, 288 jobs would result. This scenario assumes that only surimi is produced, no other products such as roe, fish meal, fish oil, or fillets are produced. However, this employment estimate may be an overstatement. Surimi production is already a highly mechanized process and the trend is toward increased mechanization. As this occurs, employment will be displaced from the production process.

At the present time 11 domestic factory trawlers are plying the waters for bottomfish. they range in size from 133 feet to 338 feet with the usual size being 155 to 165 feet. They all produce fillets. No surimi is currently produced on domestic factory trawlers. A fillet line requires about the same number of employees as a surimi line, ten per shift and two shifts totaling 20 employees. Also on an average sized vessel is a crew of four to six who operate the vessel and catch the fish. Using the same technique as for surimi, given that the average factory trawler processes 15,000 mt of fillets a year, a pollock recovery rate of 20%, and a total pollock apportionment of 1,300,000, the maximum number of people who could work on factory trawlers is 425.

Employment for shore-based surimi and fillets facilities include not only production and technical employees but also support employees. Support employment manages the operations, maintains the facilities, and performs general labor. According to a study prepared by Pacific Rim Operations for the Alaska Department of Commerce and Economic Development, Office of Commercial Fisheries Development, support employment is consistent whether a plant performs several pollock processing operations or only processes surimi or fillets. A typical facility would usually have five management employees, five maintenance workers, and ten general laborers totaling 20 additional employees. From the previous calculations for surimi, the addition of 20 employees per facility would yield a total of 240 additional employees.

The same total would apply to shore based fillet operations. A lesser number of additional employees would be required for factory trawler fillet operations since a lot of the maintenance would be part of the crew's function. However, factory trawlers would have management on shore along with other labor and maintenance employees to prepare the vessel for the next trip.

All of these calculations are based on a static pollock allotment. As more is known about the resource the outlook could change. Because pollock was underutilized, estimates of its abundance may have been too low leading to an expansion of the industry. The opposite is also true. As more vessels target pollock, the resource could be strained and begin to decline. It is hoped that judicious management will optimize the resource to provide a steady source of jobs in the bottomfishing industry.

Summary

With its concern for health, America's population has been shying away from high fat foods such as pork and beef and has been consuming more fish. In addition, a recent medical study suggested that fish oils might be beneficial in the prevention of heart disease. Increased consumption of seafood is providing the impetus for a fledgling bottomfish industry to continue to expand. Alaska, with its large populations of bottomfish, can only gain from high demand for seafood in terms of employment, income, and industrial development.

Alaska

By John Boucher

Coal Prospects—Reason for Optimism

Recent developments in the world oil market have been cause for concern for more than just a handful of Alaskans, but while these developments have cast a shadow over the future of Alaska's economy, prospects for coal development are a bright spot in Alaska's future as a world energy provider. According to a recent study published in the *Petroleum Economist*, during the last ten years world energy consumption has increased 20%, but oil demand has increased only 3% while coal consumption has increased 29%. The consensus among forecasters is that coal will play an increasing role as an energy source in the next 15 years while oil's prominence will decrease. These factors, in addition to Alaska's wealth of coal resources and it's strategic location in relation to Pacific Rim markets, point to good prospects for the future development of Alaska's coal resources.

Coal's development in Alaska was given a boost last year when the Usibelli coal mine began exporting coal from its Healy/Nenana coal fields to the Korean Electric Power Corporation. Coal exported by Usibelli in 1985 has fallen short of the 600,000 metric tons level that was expected, due to a fire in mid-November, however production is expected to reach at least that level next year. Currently, the Korean Power Corporation's contract with Usibelli permits them to take plus or minus 20% of the contract amount and the Korean's have elected to take the minimum amount allowed under the contract. Competition for Usibelli is primarily located in Canada and South Africa and both competitors have dropped prices recently. Lower competitor prices in combination with the strength of the U.S. dollar has prevented the expansion of production at Usibelli at least for the moment.

Expansion of Alaska's role in providing Far East coal supplies has improved recently. Placer-USA, formerly Placer-Amex, has been actively promoting its Beluga coal field project, which is expected to produce 1.5 million tons of coal a year. That level of production would place the Placer-USA project at a level of production very close to that of the entire Usibelli operation. Placer-USA is hoping to keep production costs low by using an existing network of logging roads and logging camp facilities, and extending an existing logging dock facility so that it would be able to handle large coal carriers. The Placer-USA project would probably serve the same type of market niche that the Usibelli project carved out, a source that would diversify the supply of coal for Far East nations and provide a hedge against future price changes by larger producers such as Australia and South Africa.

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	P/ 11/85	R/ 10/85	11/84	Changes From: 10/85	11/84
Nonag. Wage & Salary	227400	234500	224200	-7100	3200
Mining	9600	9600	8800	0	800
Construction	16400	20900	18100	-4500	-1700
Manufacturing	8500	9700	8300	-1200	200
Food & Kindred Prod.	3200	4300	3200	-1100	0
Lumber & Paper Prod.	2100	2200	2200	-100	-100
All Other Mfg.	3200	3200	2900	0	300
Trans. Comm. & Utilities	18800	19500	18500	-700	300
Trucking & Whseing.	2300	2300	2300	0	0
Water Transportation	1200	1400	1200	-200	0
Air Transportation	6100	6400	5900	-300	200
Other Trans. Comm. & Utilities	9200	9400	9100	-200	100
Trade	46600	46600	46100	0	500
Wholesale	8800	8800	8600	0	200
Retail	37800	37800	37500	0	300
Gen. Mer. & Apparel	5500	5400	5400	100	100
Food Stores	6100	6000	6000	100	100
Eating & Drinking Pl.	14000	14100	13600	-100	400
Other Retail Trade	12200	12300	12500	-100	-300
Finance-Ins. & R.E.	13100	13200	12500	-100	600
Services & Misc.	43800	44500	43600	-700	200
Government	70600	70500	68300	100	2300
Federal	18000	18000	18000	0	0
State	21100	21100	20000	0	1100
Local	31500	31400	30300	100	1200

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools and personnel employed by the University of Alaska.

Benchmark Date March 1984.

P/ Denotes Preliminary Estimates
R/ Denotes Revised Estimates

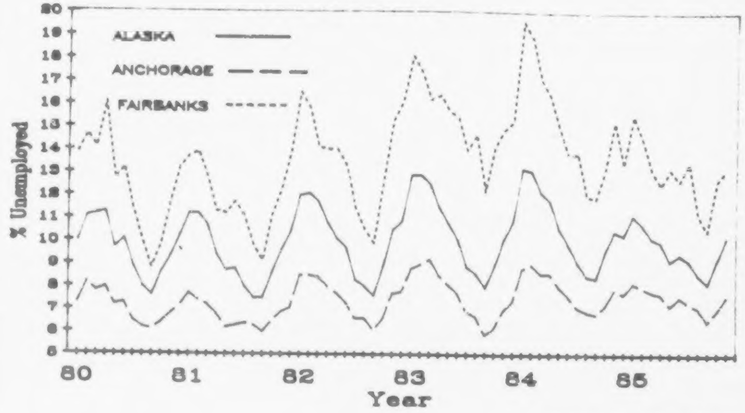
A coal export project which is three to five times the size of both the Usibelli and Placer-USA projects is now approaching a crucial stage. The feasibility of Diamond-Shamrock's Beluga coal field project, which is geared to export between five and ten million tons a year, is currently being studied by the Japan Electric Power Corporation. If looked upon favorably by the Japanese utility association, it will assist the project in obtaining contracts for coal delivery.

Even with the increasing coal market and Alaska's relatively strong reserves and logistical advantages, it would be a mistake to assume that even a well developed coal industry would have the employment and revenue impacts of the oil and gas industry. Just in terms of direct employment the coal industry would have to grow 80 to 90-fold to match current oil industry employment. The coal industry would not generate an amount of tax or royalty revenue to the state anywhere near that of the oil industry, so indirect employment would be less even if the coal industry were able to increase at that phenomenal pace. However, as oil revenues decline, every source of employment and revenue will be welcomed, and the coal industry looks to be well positioned to provide Alaska both in the future.

Current Trends

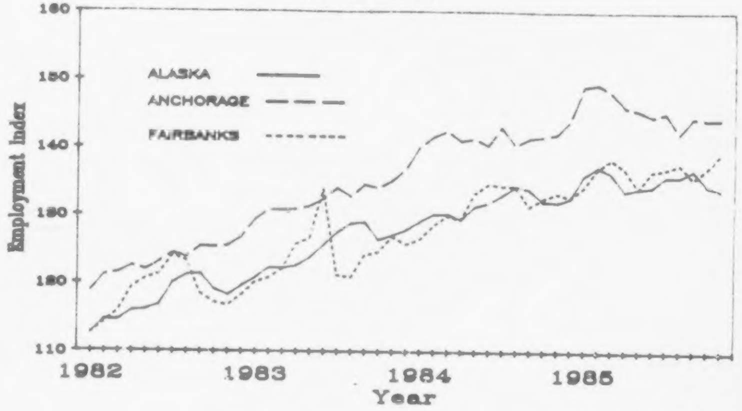
The unemployment rate for Alaska increased one full percentage point in November to 10.2%, the first double-digit unemployment rate since April of this year. The month-to-month increase in the unemployment rate can be largely attributed to the slowdown in the construction industry. Over 65% of the jobs lost in the Alaskan economy during the month were in construction, and the number of weeks of unemployment claimed by former employees of the construction industry increased by over 1,450 during the sample week. The unemployment rate continues to show slight improvement in comparison to year ago figures which points to the annual rate for 1985 being an improvement over the 1984 annual average unemployment rate of 10.2%. See the center insert for current unemployment rates for all census divisions in the state.

Unemployment Rates
Not Seasonally Adjusted
1980 to Present



source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage/Matsu

By Greg Huff

1986 Labor Force Outlook

With overall economic activity slowing in the Anchorage/Matsu area, changes in its labor force are inevitable. This article examines the components of the labor force and the unemployment rate. In addition, the outlook for the 1986 Anchorage/Matsu unemployment rate will be discussed.

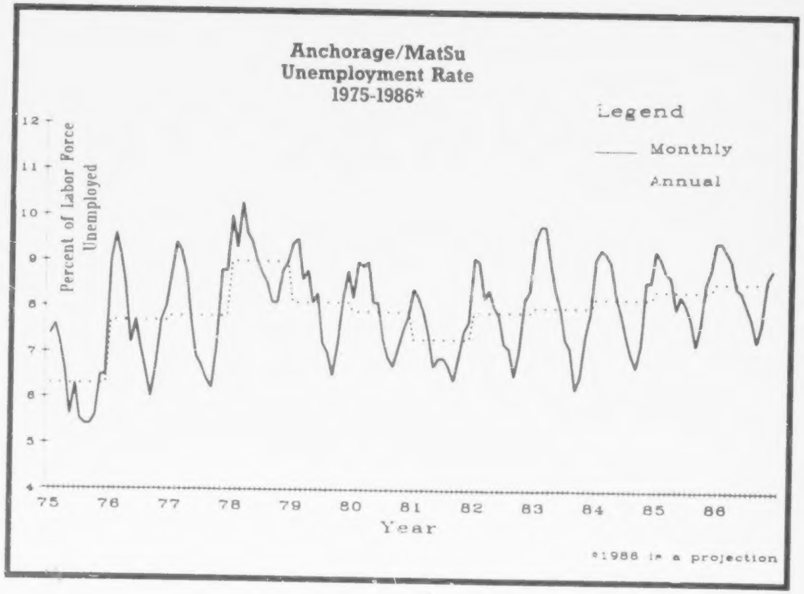
The labor force is comprised of two components, those workers employed and those unemployed but actively seeking work. Those workers unemployed and not actively seeking work are not included in the labor force statistics. Depending upon the relative movement of these two components, the unemployment rate rises or falls.

The Anchorage/Matsu unemployment rate fluctuates both with the seasons and during cyclical economic periods. For example, during the summer months the number of jobs rise dramatically in response to increased activity in the construction, seafood processing, and tourism related industries. At the same time, the number of workers without jobs falls causing the unemployment rate to decline. The opposite is true during the winter months.

One striking aspect of the unemployment rate is its decline during an economic slump and increase during an economic boom. During only two of the past ten years (1975 and 1981) did an increase in employment result in a lower unemployment rate. During the remaining years of rapid economic expansion, the unemployment rate increased because the number of people seeking work grew more rapidly than the growth in new jobs. The only other time the rate fell was in 1979 and 1980 due to the exiting of unemployed workers. Why is this trend the opposite of what might intuitively be expected?

It is commonly assumed that in-migration of job seekers to the state is the main factor. Strong statistical evidence supports this assumption. Unemployment claims filed in Alaska against other states rise dramatically during periods of economic prosperity in Alaska and the situation is particularly acute during periods of recession in other states. The opposite is true during a economic slump when many workers tend to leave Alaska.

We know employment growth will be slow in 1986, but the increase in the region's unemployed is less certain. The key to the movement of the unemployment rate is the rate of growth in the labor force and the ability for laid-off workers to find jobs in other industries or the rate at which the unemployed leave the area in search of work elsewhere.



The unemployment rate in 1986 is projected to rise to 8.6%, slightly higher than the 1985 average of 8.4%. This will occur because of slower economic expansion and an increase in the number of unemployed due to a less active year in construction. The out-migration of laid-off workers from the Anchorage/Matsu labor force will keep the unemployment rate from increasing faster.

Current Trends

In November the construction industry remained the big over-the-year job loser. The number of construction jobs fell to 8,100 in November. This represents a 13.8% over-the-year decline. Every sector of the construction industry was affected. The Municipality of Anchorage's building permit data (through November) indicate construction valuation down 39%. The decline in the number of construction jobs is not as dramatic because the construction dollar goes further this year than a year ago. Construction bids being submitted in 1985 have consistently come in below engineers' estimates.

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	P/ 11/85	R/ 10/85	11/84	Changes From: 10/85	Changes From: 11/84
Nonag Wage & Salary	114750	117450	112800	-2700	1950
Mining	4200	4200	3850	0	350
Construction	8100	10150	9400	-2050	-1300
Manufacturing	2350	2650	2300	-300	50
Food & Kindred Prod	350	550	300	-200	50
Other Mfg	2000	2100	2000	-100	0
Trans Comm & Utilities	9450	9700	8650	-250	800
Trucking & Whseing	1250	1250	1200	0	50
Water Transportation	400	400	400	0	0
Air Transportation	3850	4050	3300	-200	550
Other Trans Comm & Utilities	3950	4000	3750	-50	200
Trade	28750	28700	28100	50	650
Wholesale	6600	6650	6650	-50	-50
Retail	22150	22050	21450	100	700
Gen Merchandise	1800	1650	1800	150	0
Food Stores	3250	3350	3200	-100	50
Eating & Drinking Pl	8500	8650	8300	-150	200
Other Retail Trade	8600	8400	8150	200	450
Finance-Ins & R.E.	8950	9000	8800	-50	150
Services & Misc	26150	26350	25550	-200	600
Government	26800	26700	26150	100	650
Federal	9900	9850	10050	50	-150
State	7450	7350	6950	100	500
Local	9450	9500	9150	-50	300

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

	P/ 11/85	R/ 10/85	11/84	Changes From: 10/85	Changes From: 11/84
Nonag Wage & Salary	121950	125300	119550	-3350	2400
Mining	4250	4200	3850	50	400
Construction	8650	10900	10100	-2250	-1450
Manufacturing	2450	2800	2400	-350	50
Trans Comm & Utilities	10300	10600	9350	-300	950
Trade	30500	30550	29850	-50	650
Finance-Ins & R.E.	9200	9300	8900	-100	300
Services & Misc	27600	27800	27050	-200	550
Government	29000	29150	28050	-150	950

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 11/85	R/ 10/85	11/84	P/ 11/85	R/ 10/85	11/84	P/ 11/85	R/ 10/85	11/84	P/ 11/85	R/ 10/85	11/84
Alaska Statewide	243438	247538	243079	24907	22793	25146	10.2	9.2	10.3	218531	224745	217933
Anch/MatSu Region	131525	133468	130819	11254	10289	11191	8.6	7.7	8.6	120271	123179	119628
Anchorage Borough	117289	119358	116761	8858	8306	8910	7.6	7.0	7.6	108431	111052	107851
MatSu Borough	14236	14110	14058	2396	1983	2281	16.8	14.1	16.2	11840	12127	11777
Gulf Coast Region	25481	25813	25065	3442	2957	3056	13.5	11.5	12.2	22039	22856	22009
Kenai Peninsula Bor	15800	15982	15324	2351	2034	1893	14.9	12.7	12.4	13449	13948	13431
Kodiak Island Bor	5811	5966	5908	605	567	709	10.4	9.5	12.0	5206	5399	5199
Valdez-Cordova	3870	3865	3833	486	356	454	12.6	9.2	11.8	3384	3509	3379
Interior Region	37108	37922	36699	4742	4696	5078	12.8	12.4	13.8	32366	33226	31621
Fairbanks North Star Borough	30114	30762	29707	3964	3917	4160	13.2	12.7	14.0	26150	26845	25547
Southeast Fairbanks	2943	3005	2971	310	302	398	10.5	10.0	13.4	2633	2703	2573
Yukon-Koyukuk	4051	4155	4021	468	477	520	11.6	11.5	12.9	3583	3678	3501
Northern Region	8236	8513	7881	1071	963	711	13.0	11.3	9.0	7165	7550	7170
Kobuk	2584	2643	2513	336	274	263	13.0	10.4	10.5	2248	2369	2250
Nome	3358	3454	3300	359	294	299	10.7	8.5	9.1	2999	3160	3001
North Slope Borough	2294	2416	2068	376	395	149	16.4	16.3	7.2	1918	2021	1919
Southeast Region	30926	30915	32057	3903	3148	4274	11.8	10.2	13.3	27023	27767	27783
Haines Borough	969	949	1062	118	75	187	12.2	7.9	17.6	851	874	875
Juneau Borough	11731	11848	11993	1271	1100	1239	10.8	9.3	10.3	10460	10748	10754
Ketchikan Gateway Borough	6474	6555	7013	743	666	1120	11.5	10.2	16.0	5731	5889	5893
Prince of Wales-Outer Ketchikan	2345	2404	2478	398	403	476	17.0	16.8	19.2	1947	2001	2002
Sitka Borough	3841	3961	3957	390	415	409	10.2	10.5	10.3	3451	3546	3548
Skagway-Yakutat-Angoon	1890	1821	2004	275	162	344	14.6	8.9	17.2	1615	1659	1660
Wrangell-Petersburg	3376	3377	3550	408	327	499	12.1	9.7	14.1	2968	3050	3051
Southwest Region	10462	10907	10558	795	740	836	7.6	6.8	7.9	9667	10167	9722
Aleutian Islands	2496	2626	2535	74	78	99	3.0	3.0	3.9	2422	2548	2436
Bethel	4120	4313	4160	385	385	404	9.3	8.9	9.7	3735	3928	3756
Bristol Bay Borough	411	433	416	31	33	34	7.5	7.6	8.2	380	400	382
Dillingham	1741	1783	1737	139	98	125	8.0	5.5	7.2	1602	1685	1612
Wade Hampton	1694	1752	1710	166	146	174	9.8	8.3	10.2	1528	1606	1536

P/ Preliminary R/ Revised 1984 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Most industries experienced seasonal employment declines in November except for those gearing up for the Christmas buying season. A wide variety of stores in the general merchandise and other retail trade categories have increased their staffing levels. More often than not the Thanksgiving season induces some employment gains in the food stores and some losses in the restaurants, but this season was somewhat atypical because food store employment fell. A late Thanksgiving this year may have been responsible for this. Small increases in the food store employment are likely to appear in the December numbers.

Anchorage/Matsu
Labor Force Statistics
1975-1986

	Labor Force	Employment	Unemployment	Unemployment Rate
1975	70723	66294	4429	6.3%
1976	73547	67867	5681	7.7%
1977	83993	77406	6587	7.8%
1978	89076	81027	8049	9.0%
1979	89718	82429	7289	8.1%
1980	92529	85254	7275	7.9%
1981	98208	91061	7147	7.3%
1982	108564	99949	8615	7.9%
1983	122509	112685	9825	8.0%
1984	130147	119512	10635	8.2%
1985	135467	124124	11343	8.4%
1986	138601	126651	11950	8.6%

Fairbanks/Interior

By Neal Fried

Construction—More Resilient than Expected

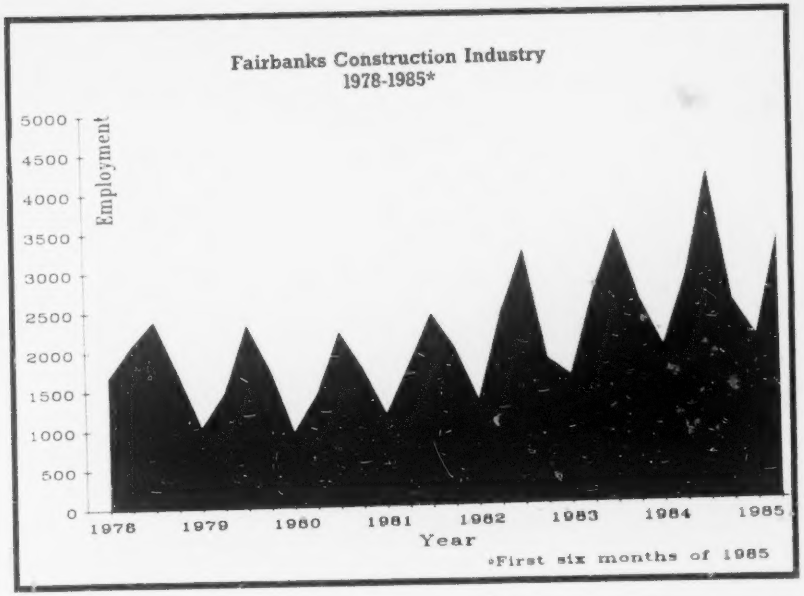
Much of the state had a decline in construction activity in 1985, but Fairbanks had a substantial increase. Falling state capital expenditures and residential and commercial overbuilding caused the decreases in most of the state. Construction employment statewide declined by 2% in 1984 and is predicted to decline another 6% by the end of 1985. Fairbanks' construction employment, on the other hand grew for the fifth straight year.

New data for construction in Fairbanks for the first six months of 1985 became available recently and indicated 12% growth over 1984. Estimates for construction employment prior to the availability of this data indicated very little growth. Most economy watchers believed construction activity was at 1984 levels or slightly higher. The degree of the construction industry's growth in employment in 1985 came as a surprise.

A booming commercial construction sector is largely responsible for this growth. Data produced by the Fairbanks North Star Borough's Community Research Center show commercial construction valuation up by 80% over 1984. This sets a new record for Fairbanks. New retail space topped the list of new commercial construction, but other commercial space such as office and entertainment center space also contributed to this industry's growth.

Home construction was another source of growth for the industry. If only building permit data (first ten months of 1985) were used, home construction declined in Fairbanks by 25% compared to a 40% decline statewide. However, if the construction of 400 homes on Eielson Air Force Base were counted in the permit data, 1985 home construction numbers would have actually topped last year's numbers by 19%. Demand for housing in Fairbanks has remained relatively robust because of strong population growth. Fairbanks also has not had to contend with a massively overbuilt housing market like a number of communities in the state.

Fairbanks' state capital budget appropriation in 1985 was below the average for the past five years, but it was still a substantial $71 million. Capital construction during the 1985 season was also impacted by the record capital budget appropriation made in 1984.



With all this activity Fairbanks has managed to increase construction employment while other major communities and statewide construction have suffered declines in construction employment. Fairbanks may be able to continue growth in construction in the near future given the prospects of the military-related construction and to an extent increased North Slope activity. (See December's *Alaska Economic Trends* for the forecast of employment growth in Fairbanks.)

Current Trends

During the Christmas season many retail trade firms expand employment. Though individual retailers are often reporting smaller sales than in previous seasons, it is not because Fairbanks residents are spending less, but because they can now spend their Christmas dollars in more places. Because of the rapid growth of this industry over the past four years, competition has become far more intense.

November's employment figures for retail trade registered gains of 400 over year-ago levels. However November's figures are the same as October's. This may initially appear surprising because one would expect retail employment to climb in November during the Christmas rush when many retailers hire temporary help for the season. Many retailers gear up for the Christmas season but others cut employment because of seasonal changes. With the tourist season ending, the restaurant and bar businesses actually lose employment

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	P/ 11/85	R/ 10/85	11/84	Changes From: 10/85	Changes From: 11/84
Nonag. Wage & Salary	29150	30000	27850	-850	1300
Mining	150	200	200	-50	-50
Construction	2850	3400	2700	-550	150
Manufacturing	550	600	500	-50	50
Trans. Comm. & Utilities	2750	2850	2600	-100	150
Trucking & Whseing	450	400	400	50	50
Air Transportation	850	850	700	0	150
Other Trans. Comm. & Utilities	1450	1600	1500	-150	-50
Trade	6200	6250	5850	-50	350
Wholesale	1000	1050	1050	-50	-50
Retail	5200	5200	4800	0	400
Gen. Mer. & Apparel	550	600	550	-50	0
Food Stores	850	850	800	0	50
Other Retail Trade	3800	3750	3450	50	350
Finance-Ins. & R.E.	1000	1000	950	0	50
Services & Misc.	5650	5600	5450	50	200
Government	10000	10100	9600	-100	400
Federal	2800	2900	2600	-100	200
State	4350	4300	4200	50	150
Local	2850	2900	2800	-50	50

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	P/ 11/85	R/ 10/85	11/84	Changes From: 10/85	Changes From: 11/84
Nonag. Wage & Salary	33450	34400	32200	-950	1250
Mining	300	300	300	0	0
Construction	3000	3600	2850	-600	150
Manufacturing	600	650	500	-50	100
Trans. Comm. & Utilities	3400	3550	3300	-150	100
Trade	6650	6650	6250	0	400
Finance-Ins. & R.E.	1100	1100	1050	0	50
Services & Misc.	5950	5900	5750	50	200
Government	12450	12650	12200	-200	250

during most of the winter. Construction-related retail trade, such as building supply outlets, also reduce their employment for the winter. The end result is relatively stable employment in retail trade during November and December.

Gulf Coast

By Neal Fried

Kenai Peninsula Borough's Economic Outlook—1986

The Kenai Peninsula Borough's economy will grow again in 1986 for the eighth straight year. Employment is predicted to grow 4 to 5% in 1986, more than twice the rate of growth forecast for Alaska and Anchorage. Though this represents strong growth, it also indicates that the Borough's economy is beginning to slow. In 1985, employment during the first six months has grown 8.9% after an increase of 9.6% in 1984. Smaller petroleum revenues and the peaking of a construction cycle are largely responsible for this slowdown in the Peninsula's economy.

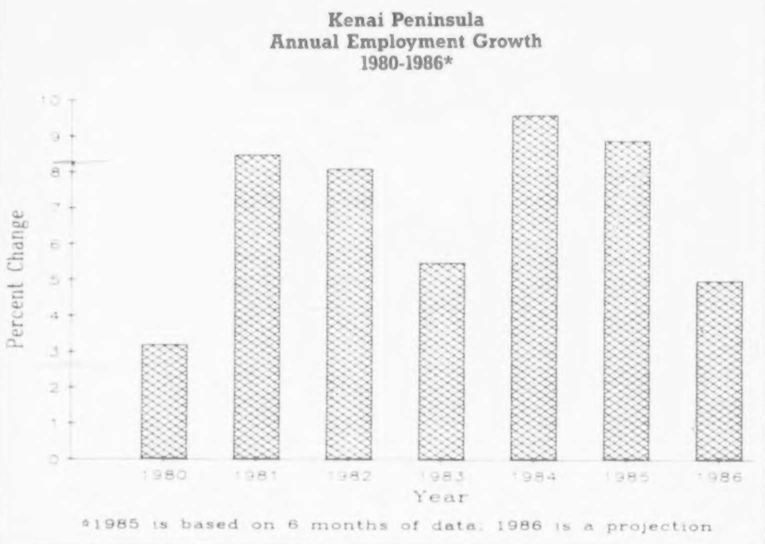
Employment in all of the larger communities on the Peninsula will grow in 1986. The Kenai-Soldotna area and Homer will make modest gains in employment while construction of the prison and associated speculative activity should push Seward to the forefront of employment growth.

Construction

Building permit data for residential construction for the first nine months of 1985 indicate a small decline over 1984 levels. In 1986 Seward may be the only community to show an increase in the number of building permits issued. Elsewhere on the Peninsula a healthy inventory of homes for sale and vacant rentals already exists.

Commercial-related construction also appears to have peaked in 1985. The construction of the new Fred Meyer store in Kenai, three new hotels on the Peninsula, and a number of other retail and service related establishments will keep many of the area's construction workers employed in 1986, but it will not provide a stimulus for growth.

Though public dollars statewide for construction have fallen because of smaller capital budgets, a number of larger projects will begin on the Peninsula in 1986. Some of these projects are partially funded from capital budgets made during past years and others are a result of bond issues. The two largest projects of this construction season are the $30.8 million prison in Seward and the $356 million Bradley Lake hydroelectric dam. The peak labor force for both of these projects combined could reach 400 during this year's construction season. The construction of four new schools and two school expansions valued at $82 million will further bolster public construction.



Kenai Peninsula
Annual Employment Growth
1980-1986*

*1985 is based on 6 months of data; 1986 is a projection

Manufacturing

Fish processing employment rebounded in 1985 because of record salmon runs in Cook Inlet. Another good season is projected for 1986 which means employment may grow again. The poor shellfish harvest continues to plague the fishing industry.

Oil-related manufacturing grew slightly in 1985 as a result of the expansion of the Tesoro refinery. Employment in oil refining in 1986 is expected to remain stable.

Mining-Oil

Oil industry employment increased in 1985 and may increase again in 1986. A busy year on the North Slope should provide more activity to some of the Kenai oil service companies. Marathon Oil plans to establish a new gas platform this year in Cook Inlet. Although they plan to hire few new workers, the building of the platform will contribute to the growth of this industry.

Retail Trade and Services

Retail trade employment surpassed manufacturing employment in 1985 making it the largest private industry employer on the Peninsula. It has also been the fastest growing industry and though it will not grow as fast as it did in 1985 (22% for the first six months), it will be a major contributor to employment growth in 1986. Service-related employment will also grow, but at a far slower pace than retail trade. Both these industries will benefit from a growing population and a predicted good tourism season. A weaker dollar will keep more American tourists in the U.S. and possibly attract more foreign tourists. Small population gains in Anchorage will mean Alaskan tourists will produce less growth than in past years.

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	P/ 11/85	R/ 10/85	11/84	Changes From: 10/85	11/84
Nonag. Wage & Salary	19900	20750	19650	-850	250
Mining	800	800	800	0	0
Construction	1900	2400	1800	-500	100
Manufacturing	2350	2500	2350	-150	0
Food & Kindred Prod.	1700	1800	1750	-100	-50
All Other Mfg.	650	700	600	-50	50
Trans. Comm. & Utilities	1950	2100	2150	-150	-200
Trade	3750	3650	3300	100	450
Wholesale	500	500	450	0	50
Retail	3250	3150	2850	100	400
Finance-Ins. & R.E.	650	700	650	-50	0
Services & Misc.	3100	3150	3000	-50	100
Government	5400	5450	5600	-50	-200
Federal	550	550	500	0	50
State	1600	1700	1650	-100	-50
Local	3250	3200	3450	50	-200

Government

Federal employment should remain stable in 1986. Both state and local employment is expected to increase slightly because of a growing population. Large gains, such as those made in past years, are not likely because of a predicted no-growth state budget.

Current Trends

The unemployment rates for all the areas within the Gulf Coast region have increased to the double digit level. The seasonal downswing is gaining momentum and no turnaround will occur until March or April. All but two industries in the region lost employment in November. There was a total loss of 850 jobs.

Construction employment remained unchanged and retail trade employment increased. Retail trade grew in November as a result of the Christmas season. Fish processing employment fell slightly but remained close to last year's level. The tanner crab season usually lasts through December but was closed early this year because there were far more boats fishing this year and the crabs were not as plentiful as first predicted. The shorter season did not affect November's numbers, but it will adversely affect employment in December.

Southeast Alaska

By John Boucher

Second Quarter 1985 ES-202 Released

The Alaska Department of Labor recently made available the ES-202 employment counts for the second quarter of 1985 (April, May, and June). The ES-202 numbers differ from the numbers published monthly in *Alaska Economic Trends* because they are derived from different methodologies. The Current Employment Statistics (CES) numbers published monthly in *Alaska Economic Trends* are estimates based on a sample of employers while ES-202 numbers are the product of unemployment insurance tax records. Since the ES-202 employment counts are the closest that the Department of Labor can come to an actual head count, the ES-202 series is the final official number published for nonagricultural wage and salary employment. Final tabulation and editing of the data usually results in a lag of three to six months following the release of the CES estimates for the like time period. The ES-202 figures are published quarterly in the Department of Labor's *Statistical Quarterly.*

The release of ES-202 data often brings to light trends that were not apparent in the sample of employers. Occasionally the data runs counter to what the employer survey and judgement has led the analyst to believe about an industry. Indications throughout the summer months have been that the construction industry in Southeast Alaska has been down significantly from the levels of a year ago, especially in the building construction sector, which includes residential and commercial building. Building permit activity was down in Southeast Alaska throughout the entire summer, a glut of residential and commercial space was apparent in the capital city, and a number of large projects were on line last year that didn't contribute any construction employment this year. These factors, combined with a decline in the employer sample, pointed to a decrease in Southeast Alaska construction employment in the 15 to 18 percent range. However, at least through June, this assessment of construction proved to be too pessimistic. Stronger employment in the residential and special trades areas of construction have kept the employment drop in construction over the year close to 10%. Table 1 is a comparison of the original estimates of employment in Southeast Alaska and the levels to which they will be revised following the benchmarking process in January.

Except for construction, the overall estimates of employment in Southeast Alaska were fairly accurate. Manufacturing employment had very little error at the major industry level, however that was due in part to compensating errors in food and kindred products employ-

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	P/ 11/85	R/ 10/85	11/84	Changes From: 10/85	Changes From: 11/84
Nonag. Wage & Salary	28150	29050	28550	900	-400
Construction	1450	1650	1800	-200	-350
Manufacturing	2400	2700	2350	300	50
Food & Kindred Prod.	500	700	450	200	50
Lumber & Paper Prod.	1700	1750	1650	50	50
All Other Mfg.	200	250	250	-50	50
Trans. Comm. & Utilities	1800	1900	1950	100	-150
Trade	4650	4800	4850	150	-200
Wholesale	350	400	400	-50	50
Retail	4300	4400	4450	-100	-150
Finance-Ins. & R.E.	1050	1100	1100	50	-50
Mining, Services & Misc.	4450	4550	4500	100	-50
Government	12350	12350	12000	0	350
Federal	2150	2150	2000	0	150
State	5550	5550	5400	0	150
Local	4650	4650	4600	0	50

ment and lumber and paper products employment estimates. The lumber industry had a better summer than early indications had pointed to while the fishing industry was weaker than had been anticipated. It is useful to point out here that the final evaluation for these two industries for 1985 will hinge on their performances in the third quarter of the year. The lumber and paper products had a rough July, August and September with plants closing and interruptions of production while the fishing industry had record salmon runs which hit primarily during these three months.

The secondary industries of trade and services were both overestimated in terms of the employment growth they experienced during the second quarter. Overestimation of retail trade growth was due to the an unusual decline in retail activity during the last half of 1984. Normally, other retail trade activity, which includes everything except food stores and eating and drinking establishments, loses 10% of its total employment between the months of June and January. During the second half of 1984, this sector lost 20.6% of its total employment, 5.6% more than any previous drop from January to June. The unusual drop can be explained by the opening of a large retail outlet in the summer of 1984 in Juneau which forced retailers in Juneau to become more competitive and more efficient with a drop in employment the result.

The overestimation in services came predominantly in the miscellaneous category that is seldom mentioned. The miscellaneous category includes an estimate of employment in establishments that have yet to be classified into an industry category by the Department of Labor. During the second quarter, the unclassified employment was overestimated by more than 150, which accounted for over 60% of the difference between the estimate and the ES-202 number for services. The slowdown in the creation of new business and the catching up by the Department of Labor's classification process accounts for the difference.

Table 1
Comparison of CES Estimate to ES-202 by Industry
Second Quarter 1985

	CES Estimate	ES-202 Actual
Nonag. Wage and Salary	30009	29864
Construction	1559	1750
Manufacturing	3335	3346
Food & Kindred Products	957	858
Lumber & Paper Products	2135	2269
All Other Manufacturing	243	225
Transportation, Communication & Utilities	2101	2161
Trade	4887	4629
Wholesale	396	392
Retail	4481	4237
Finance-Ins. & Real Estate	1093	1121
Mining, Services & Misc.	4767	4534
Government	12266	12320
Federal	2093	2091
State	5655	5665
Local	4518	4555

Current Trends

Southeast Alaska wage and salary employment decreased by 900 jobs in the month of November to 28,150, the decrease in employment was spread across all industries. The only industry which did not experience a drop in employment during the month was government. One bright spot in the Southeast economy during the month was the rebound of lumber and paper products due to the restaffing of the Sitka pulp mill. Unemployment in the region climbed to 11.8%, but it is still below last year's rate.

Hours and Earnings

By Kathy Thomas

Per Capita Personal Income

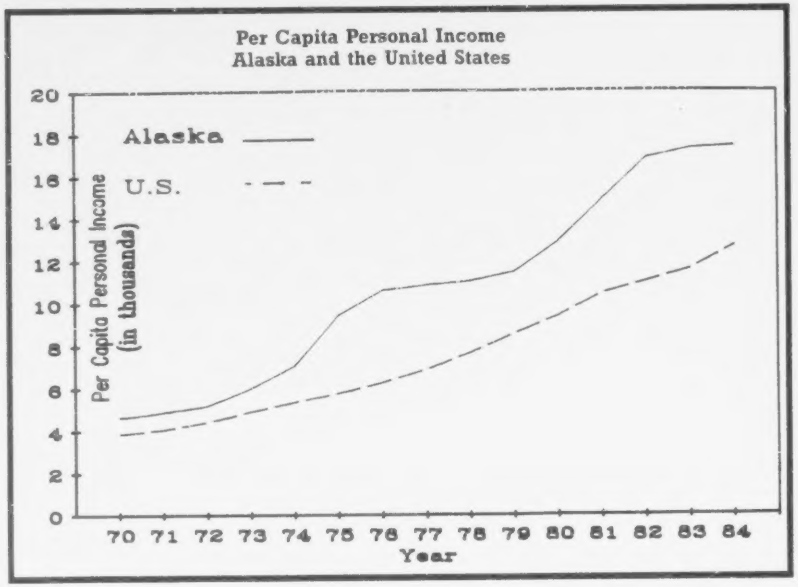
Alaska's per capita personal income was $17,487 in 1984,the highest of any state in the U.S. Per capita personal income is total personal income divided by total population. The calculation is performed by the U.S. Department of Commerce Bureau of Economic Analysis (BEA), for each state as well as the nation. National personal income includes U.S. citizens working overseas while state personal income contains no such adjustments. The components of personal income are wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, personal dividend income, personal interest income, rental income with capital consumption adjustment and transfer payments. Personal contributions for social insurance are subtracted.

Another adjustment made in the calculation of personal income is for residency. According to BEA methodology the adjustment is calculated by adding the income of residents who live in the measured census area but work in another census area and subtracting the income of those who work in the measured census area but live in another area.

Alaska per capita income is consistently higher than U.S. per capita income although Alaska's rates of growth have varied more than U.S. levels. The varying rates of growth give the illusion that Alaska is a 'boom and bust' state, however, since 1970 growth in per capita income has been consistently positive. Though Alaska may experience periods of rapid income growth, the corresponding periods of decline do not follow. Rather the periods of rapid growth have been followed by periods of slower growth.

The first period of rapid income growth began in 1973 when per capita income grew from $5,285 to $6,104, 15.5% in one year. During the construction of the Trans Alaska Pipeline, per capita income grew rapidly from 1973 to 1976, with the greatest percent increase in 1975. Per capita income increased 109.9% from 1972 to 1976. An increased labor force with high wages led to an increase in wholesale and retail trade transactions which also increased proprietors' income.

After the pipeline was completed income growth slowed considerably from the double digit levels. No industry was in place after completion of the pipeline that could sustain that high level of activity. For the three years, 1977 through 1979, the rate of growth was 2.3%, 1.7%, and 3.9% respectively.



Per Capita Personal Income
Alaska and the United States

Beginning in 1980 the rate of growth again rose above 12%. Once the oil began to flow through the pipeline and the State of Alaska began collecting tariffs, another phase of rapid expansion of per capita income began. In an effort to improve infrastructure, the state began spending oil revenues on capital improvement projects such as road systems, school construction, and hydroelectric projects. This spending boosted Alaska's total personal income and hence per capita personal income.

Another impetus to construction during this period, at least in Juneau, was the final vote on the capital move issue. Following the vote, pent-up demand for housing and office space caused the construction industry to surge. As employment increased, wages and salaries increased thereby increasing personal income.

Total personal income in the state of Alaska is an important force in the state's economy. In 1984, total personal income was $8,739,000,000. However, Alaska's total income affects the national economy very little. Alaska's total personal income is only 0.2% of national total personal income reflecting Alaska's smaller population base compared to other areas of the country.

Current Trends

The lumber and paper products sector of manufacturing changed more than any other industry this month. Average hourly earnings in lumber and paper products declined 8.5% from October to November. One reason for this decline was a change in sample mix. A major pulp mill that had been shut down began full operations in November. By increasing the relative importance of the pulp mill sector of the sample, the proportion of the sample representing logging is decreased. A second reason for the decline in average hourly earnings is a renegotiated contract for a major firm that decreased hourly wages for production workers. These two reasons combined pushed overall average hourly earnings down in lumber and paper products.

Total and Per Capita Personal Income
Alaska and United States
1970-1984

	Alaska Total (Million)	U.S. Total (Million)	Alaska Per Capita	% Chg.	U.S. Per Capita	% Chg.
1970	$1,438	$803,922	$4,726		3,945	
1971	1,579	861,904	4,989	5.6	4,167	5.6
1972	1,726	944,852	5,285	5.9	4,515	8.4
1973	2,034	1,058,902	6,104	15.5	5,010	11.0
1974	2,475	1,162,203	7,180	17.6	5,448	8.7
1975	3,544	1,258,643	9,554	33.1	5,842	7.2
1976	4,216	1,385,201	10,725	12.3	6,367	9.0
1977	4,358	1,534,708	10,968	2.3	6,984	10.0
1978	4,485	1,726,185	11,150	1.7	7,772	11.3
1979	4,674	1,942,655	11,585	3.9	8,651	11.3
1980	5,238	2,156,715	13,007	12.3	9,494	9.7
1981	6,230	2,420,098	14,979	15.2	10,544	11.1
1982	7,517	2,575,759	16,912	12.9	11,113	5.4
1983	8,358	2,735,829	17,364	2.3	11,690	5.2
1984	8,739	3,020,259	17,487	0.7	12,789	9.4

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	P/ 11/85	R/ 10/85	11/84	P/ 11/85	R/ 10/85	11/84	P/ 11/85	R/ 10/85	11/84
Mining	$24.81	$23.95	$24.15	51.5	50.1	50.9	$1277.72	$1199.90	$1229.24
Construction	23.33	24.08	24.42	39.6	46.7	37.5	923.87	1124.54	915.75
Manufacturing	13.87	14.52	14.58	32.1	37.2	33.4	445.23	540.14	486.97
Food & Kindred Prod.	9.69	10.65	9.09	22.6	28.9	28.9	218.99	307.79	262.70
Lumber & Paper Prod.	14.90	16.29	18.52	35.8	45.2	30.2	533.42	736.31	559.30
Trans., Comm. & Utilities	15.91	15.86	15.35	37.4	38.1	36.8	595.03	604.27	564.88
Trade	11.50	11.64	10.78	33.2	33.7	34.4	381.80	392.27	370.83
Wholesale	14.24	14.58	12.91	37.4	37.6	39.1	532.58	548.21	504.78
Retail	10.28	10.35	9.90	31.6	32.2	32.8	324.85	333.27	324.72
Finance-Ins. & R.E.	—	—	—	—	—	—	418.94	422.49	417.55

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

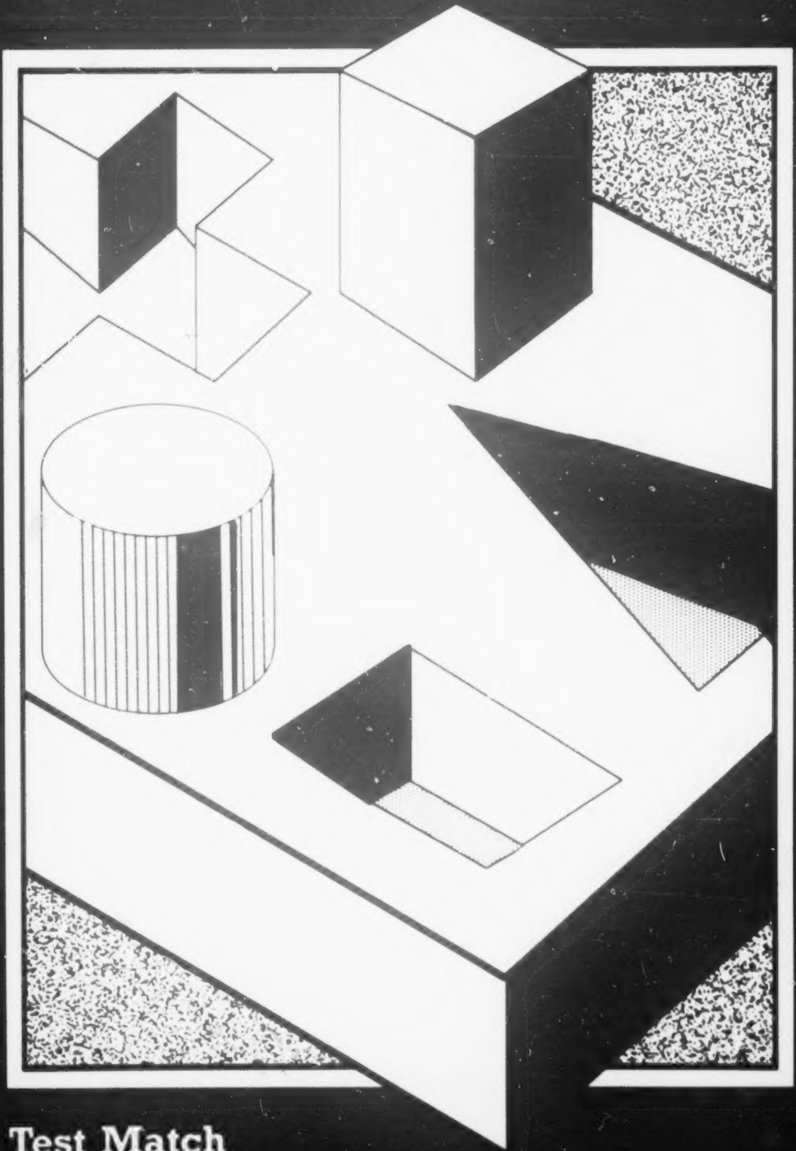
2/ Excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

FEBRUARY 1986

ALASKA ECONOMIC TRENDS

Alaska Department of Labor   Bill Sheffield, Governor, State of Alaska



Test Match

Alaska Economic Trends

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

Judy Knight, *Director, Administrative Services*
Chuck Caldwell, *Chief, Research and Analysis*
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Funded by:

JOB SERVICE

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Labor Force by Region and Census Area Center Insert

The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools and personnel employed by the University of Alaska.

Benchmark date March 1984

P: Denotes preliminary estimates
R: Denotes revised estimates

Test Match

By Paul Williams

The Alaska Employment Service is implementing a new aptitude testing program which will help employers select the best job applicants for virtually any job in the U.S. labor market. Current vocational test research has demonstrated that Job Service will be able to refer individuals who can be more productive workers because they will be test-selected. Along with an increase in productivity for the employer, this program also helps the individual job seeker. Job Service applicants can find out the kinds of work in which they have the most potential forsuccess! Too often a worker may have the potential to do a variety of jobs but never pursues work other than the narrow area where he or she first entered the labor force. There may be hundreds of jobs for which these people could qualify given an opportunity. And the bottom line is that these test-selected workers do a better job at less total cost to an employer.

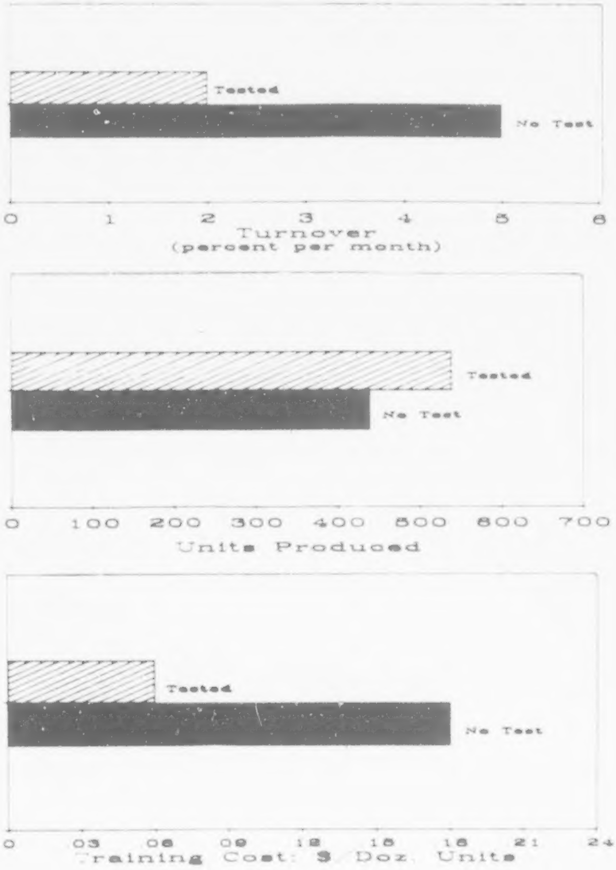
Why Test?

Every employer wants qualified workers. Matching workers with jobs through the use of the General Aptitude Test Battery is one of the valuable services provided to employers by the Job Service. Testing will not solve all of an employer's problems, but it can help to improve the quality of the work force and reduce the high cost of labor turnover. The following illustration indicates the effects of test selection on various personnel factors. These results are based upon employment research conducted by the North Carolina Employment Service.

In the past, the overall value to an employer of the Job Service aptitude testing program had been limited by the fact that not all occupations were covered by the available selection tests. Aptitude tests had been developed to screen applicants for approximately 400 occupations of the over 12,000 different jobs in the U.S. economy. During recent years leading authorities in personnel testing have been working with the U.S. Department of Labor to determine if the results of research conducted over the past thirty-five years to develop test batteries for specific jobs could be generalized to cover occupations not directly studied.

The research finding show that this can be done: aptitude test validities obtained for the approximately 400 occupations can be generalized to the other 12,000 plus jobs in the U.S. The research also supports the idea of generalizing aptitude tests on a geographic basis. That is, a valid testfor an occupation in one geographical area is also valid for the same occupation in a different geographical area. In Alaska,

Tested & Not Tested Employment



Experience and research demonstrate that test-selected workers learn faster, stay on the job longer, and produce more.

generalization of test validities to related occupations and on a geographic basis, is called *Test Match*. Therefore, it is now possible for the Job Service to assess the occupational aptitudes needed by job applicants for success in every type of work in our economy and for every area of the country.

In addition to having valid tests for all jobs, the new system provides employers more useful test results on applicants. Under the previous system, test results were reported to an employer in three broad categories. The employer could not distinguish among individuals within a category. The Employment Service is now able to cluster the 12,000 occupations in the national economy into five job families. The aptitude scores of tested job applicants are converted to percentile scores for each of these five families. By ranking the percentile scores of individuals seeking work in the same occupation, we can compare their abilities to perform successfully on the job.

The employer will be told how the applicants rank in terms of their percentile score. For applicants who meet the employer's other hiring criteria, the percentile scores will make hiring decisions easier and faster. Employers will be able to obtain test-selected workers for all jobs instead of a few primarily entry-level jobs. They can receive precise information showing exactly where applicants stand in relation to each other. These changes will have a dramatic impact on recruitment, screening, referral, and the hiring of applicants.

Legal Implications

There are several legal questions raised by the Test Match approach. Is it permissible to use a test developed for one job to select workers for another job which may have somewhat different tasks? Is it permissible to use a test developed for one geographic area to select workers for jobs in another geographic area? In the only case involving U.S. Department of Labor tests which reached court, the opinion of the judge supported the generalization of tests among jobs with similar tasks and from one location to another (Peques v. Mississippi). Another question involves the fairness of tests to groups covered by the Civil Rights Act of 1964. It was the same court's opinion that these tests were fair and that they conformed to EEOC guidelines.

Best Available Applicants Referred

Job Service will refer the best applicants according to percentile scores. Applicants referred will also meet the employer's other hiring requirements. The report to employers will contain the name of the applicant, the job family in which the job falls, and the applicant's percentile score for each job family listed. With these reports, the employer will be able to rank order applicants and select workers based on the overall criteria established for the job. If the Job Service office has been provided all hiring criteria used by the company, the final selection should be quite simple since only those applicants who meet all criteria will be referred.

Economic Impact

The projected economic impact of Test Match is far higher than the public and the employer community might realize. Even for small organizations, dollar savings from higher productivity can amount to thousands of dollars a year. It is estimated that the potential saving to the Federalgovernment as an employer would be approximately $16 billion per year if tests were given wide use.

If the U.S. Job Service made maximum use of GATB for their four million annual placements, the potential increase in work force productivity would amount to between $50 billion and $100 billion per year! A recent analysis of the economic value of test selection in a North Carolina pilot project estimated that employers using validity generalization procedures saved $21,000,000 in one year.

The amount of productivity increase that an individual company can expect is dependent on five factors. These are: (1) the number of hires per year, (2) average job tenure, (3) validity of the selection method, (4)average salary per year, and (5) selection ratio of applicants to hires.

The key variable is the validity level of the selection method. Research on commonly used methods of employee selection has shown that ability, as measured by a valid aptitude test battery, has the highest prediction validity coefficient and is therefore the most useful in employee selection. Listed below are common selectors and their respective validity coefficient (r).

Prediction	Validity Coefficient
Ability Test	53
Job Tryout	44
Bio Data	37
Reference Check	26
GPA - College	21
Experience	18
Interview	14
Training & Experience	13
Education	10

If a company, which hires 20 workers per year and has an average job tenure of two years, pays an average salary of $6,700 per year, and hires four out of every ten applicants for each job opening starts using tests rather than random selection and begins applying a test utility formula, the increase in productivity would be worth $82,667.00. Utilizing the same utility formula but substituting training and experience for an ability test, the productivity increase would be worth

$20,276.00. The resultant productivity savings to the employer for using an ability test would be $63,391.00. Test selection pays.

The use of the General Aptitude Test Battery provides the employer with a professionally validated test for job selection that can be used with confidence without the employer undergoing the lengthy and expensive process of producing their own test validation. In addition, employers should experience a reduction in personnel administration costs, an increase in the quality and potential of workers, and a significant increase in worker productivity.

The benefits also extend to job applicants. Testing leads to more meaningful job choices, thus eliminating lost time spent in pursuing jobs for which they are not suited. Employees should enjoy increased job satisfaction through an increased probability of success. In addition, the public and specifically the job seekers can expect that higher quality jobs will be available because employers will be more willing to give the Job Service a wide variety of job orders.

Alaska

By Kathleen Thomas

Seafood Harvesting Employment in Alaska

Seafood harvesting employment, which includes skippers/owners/operators and crew members, is not counted in the other methods of measuring employment described in this publication. Fishing employment is not covered by unemployment insurance unless the number of the crew is ten or more and received a wage or salary. Since most crew members work for a share of the catch they are considered self-employed. In order to estimate seafood harvesting employment, an alternative method is used.

What is actually counted in measuring seafood harvesting employment is the number of fishing vessels making landings at processors. If a vessel makes more than one landing during a month it is counted only once for that month and not each time it lands. To get a better estimate of seafood harvesting employment, a survey was performed before this data series was begun. The survey provided information on average crew size for a vessel in each fishery. The average crew size for each fishery is termed the crew factor. By multiplying the crew factor times the number of vessels making landings in each fishery, an estimate can be made of the number of people engaged in seafood harvesting.

The most recent data on seafood harvesting employment is for 1983. Only statewide data is presented here though data is available for the four regions: Southeast, Gulf Coast, Southwest, and Northern. The regional data will be available in the publication Seafood Harvesting and Processing Employment 1982 - 1983.

Besides the commercial fishermen themselves, employment from fishing is generated from the tender boats that transport fish for the processors, fish canning processors, fresh and frozen fish processors, refrigerated warehousing, wholesale distribution, and a myriad of secondary services such as boat repair, oil and fuel, and other supplies required to maintain the crew and vessels. This other employment, while not always identified as fisheries related, are included in nonagricultural wage and salary employment as they need no special treatment.

Because fish harvesting employment is not included in the other methods of employment estimation, the effect of the fishing industry on total employment is frequently underestimated. To overcome this limitation, seafood harvesting employment was added to nonagricul-

11% from last year. Unemployment increased one-tenth of one percentage point in the month of December to 10.8%, the same as December 1982.

In 1983 seafood harvesting employment declined from 1982 levels by 4%, an annual average of 333 harvesters. Most of this employment drop could be attributed to lower shellfish stocks, mostly king and tanner crab. Shellfish harvesting employment dropped by an annual average of 287 harvesters. However, bottomfish harvesting continued to make employment gains. Bottomfish employment in 1983 was six times that in 1977. However bottomfish employment only accounts for 1.5% of total fish harvesting employment, making it one of the smallest fisheries for which employment is estimated.

The other fishery that gained employment was halibut. Employment in harvesting of halibut increased 13% from 1982 to 1983. This employment also increased its percentage share of total harvesting employment. In 1982 the share of employment harvesting halibut was 10%. By 1983 that share had increased to 12%.

Summary

Even though harvesting employment levels declined in 1983, they should not remain low. During 1983 the bottomfish industry continued to increase in importance. More joint ventures were established and a fleet of American factory trawlers was completed which should increase employment in the bottomfish industry.

Another reason to expect that employment will increase is a record of salmon catches that have occurred since 1980. Bottomfish employment in 1983 was six times that in 1977. Continued record salmon runs can be expected as aquaculture development expands. Since the hatchery program was introduced an increase in the catch has been paralleled by the growth in the fry releases.

Shellfish harvesting employment is expected to remain at low levels, at least through 1984. Five of the seven major shellfish stocks have remained low. With the reduction of shellfish harvests, seafood harvesters will find alternative uses for their vessels until shellfish stocks rebound.

Despite short-term setbacks, long-term seafood harvesting employment should remain strong. The seafood industry has existed in Alaska for decades and should continue to be an important economic activity for decades to come.

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	P/ 12/85	R/ 11/85	12/84	Changes From: 11/85	12/84
Nonag. Wage & Salary	[illegible]	[illegible]	[illegible]	[illegible]	4200
Mining	[illegible]	[illegible]	[illegible]	[illegible]	900
Construction	[illegible]	[illegible]	[illegible]	[illegible]	-2500
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	0
Food & Kindred Prod.	[illegible]	[illegible]	[illegible]	[illegible]	200
Lumber & Paper Prod.	[illegible]	[illegible]	[illegible]	[illegible]	0
All Other Mfg.	[illegible]	[illegible]	[illegible]	[illegible]	200
Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	800
Trucking & Warehsg.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water Transportation	[illegible]	[illegible]	[illegible]	[illegible]	100
Air Transportation	[illegible]	[illegible]	[illegible]	[illegible]	600
Other Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	300
Trade	[illegible]	[illegible]	[illegible]	[illegible]	500
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	100
Retail	[illegible]	[illegible]	[illegible]	[illegible]	400
Gen. Mer. & Apparel	[illegible]	[illegible]	[illegible]	[illegible]	200
Food Stores	[illegible]	[illegible]	[illegible]	[illegible]	0
Eating & Drinking Pl.	[illegible]	[illegible]	[illegible]	[illegible]	1100
Other Retail Trade	[illegible]	[illegible]	[illegible]	[illegible]	500
Finance Ins. & R.E.	[illegible]	[illegible]	[illegible]	[illegible]	700
Services & Misc.	[illegible]	[illegible]	[illegible]	[illegible]	1100
Government	[illegible]	[illegible]	[illegible]	[illegible]	2700
Federal	[illegible]	[illegible]	[illegible]	[illegible]	400
State	[illegible]	[illegible]	[illegible]	[illegible]	900
Local	[illegible]	[illegible]	[illegible]	[illegible]	1400

Government [illegible] employed by the University of Alaska.

Benchmark Date March 1984

P/ Denotes Preliminary Estimates
R/ Denotes Revised Estimates

Current Events

Alaska wage and salary employment declined by 3500 jobs in the month of December. The decrease was spread across all industries, the service industry being the lone exception. Year to year gains were experienced in all industries except construction, which was down tural wage and salary employment for comparison purposes. Seafood processing employment is already included in nonagricultural wage and salary employment. Seafood industry employment is the sum of seafood harvesting and seafood processing employment.

Table 1
Seafood Harvesting
Statewide Employment by Species
1983

Species	Ann Avg	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Salmon	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	169
Shellfish	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1414
Halibut	980						[illegible]	[illegible]	[illegible]	[illegible]			
Bottomfish	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	162
Sablefish	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7	15
Herring	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8	2	[illegible]	16
Total Employment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1776

Table 2
Nonagricultural and Seafood Harvesting Employment
1983

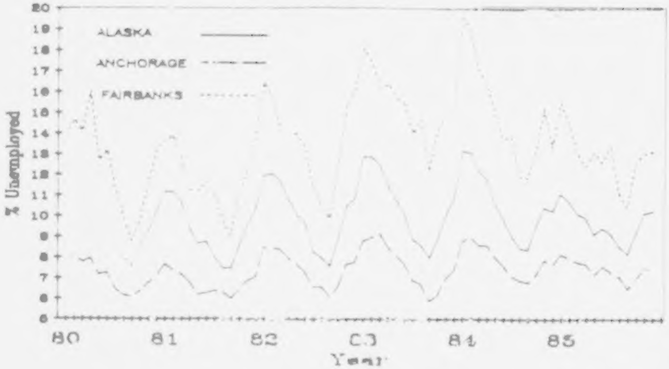
Statewide	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Ann Avg	Wages	Avg Mo. Wage
Total Nonagricultural and Harvesting Employment 1/	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2,499
Total Seafood Industry Employment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3,827
Seafood Harvesting Employment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5,703
Seafood Processing Employment	2,832	2,946	2,941	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,494

1/ Since seafood processing employment is already included in [illegible] wage and [illegible] with the totals. Rather, seafood processing employment data was separated out for comparison of the seafood industry to all industry employment. Total nonagricultural and harvesting employment is the sum of nonagricultural employment and seafood harvesting employment.

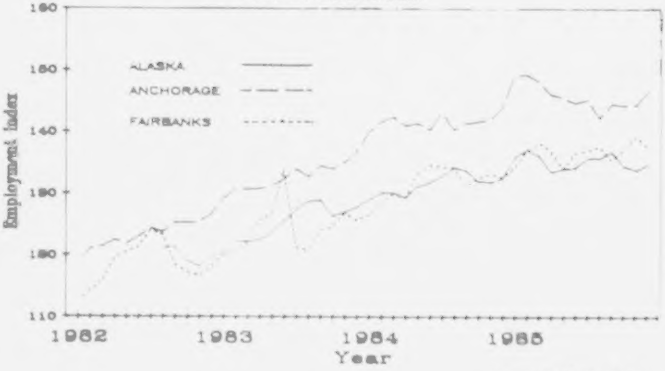
Source: Alaska Department of Labor, Research and Analysis

In 1983, seafood industry employment was 6.4% of total nonagricultural wage and salary and fish harvesting employment, on an annual average basis. During the peak month of seafood industry employment, July, the seafood industry comprised 15.6% of total employment. Of that 15.6%, over half was fish harvesting employment. The seafood industry provides more employment in Alaska than the mining industry. The mining industry only comprises 3.7% of annual average total nonagricultural and harvesting employment. While mining (oil and gas) is more important in terms of their tax contribution, the seafood industry is more important in terms of employment.

Unemployment Rates
Not Seasonally Adjusted
1980 to Present



Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage/Matsu

By Greg Huff

Shift/Share Analysis

Anchorage wage and salary employment for December fell to 113,150. The 1985 growth rate in employment was 3.2. The big losers in employment were the construction and construction related industries. The falling number of construction jobs began a new employment trend in Anchorage. The largest number of jobs were created in trade, services and local government. The following shift/share analysis will shed some light on what factors may influence the direction of Anchorage's economy and employment opportunities into the late 1980s.

Definition

Shift/share analysis measures changes in the number of jobs in a regional or local economy that are caused by national employment trends and those caused by independent local factors. It can also identify industries with potential for employment growth or decline. Three factors are postulated by the shift/share analysis as reasons for changing employment levels in a particular region or locale. The first factor measures changes in local employment attributable to a change in employment for the nation. Specifically, if national employment is growing, one would expect that growth to influence Anchorage employment growth. The second factor is industrial mix. This factor measures specific industry employment changes caused by the relative growth or decline of the industry nationally. Industries expand or contract at different rates, changing the relative importance of industries in terms of the proportion of jobs they provide. Notice that the net change in total employment in the industry mix column of table 1, is zero. Only at the industry level is employment affected by the industry mix component.

The third factor, local share, measures the extent to which factors unique to Anchorage have caused a growth or decline in employment. The local component aids in identifying those industries in Anchorage that outperformed those same industries nationally.

Employment in a local industry that represents a greater proportion of total local employment than that experienced nationwide reflects certain local features that make it a more important industryThe coefficient of specialization vividly illustrates the relative importance of an industry in Anchorage versus the nation. A coefficient that is greater than one represents an industry with a higher proportion of total employment in Anchorage than for the U.S. as a whole. A coefficient of less than one means that industry is a smaller portion of total Anchorage employment than for the nation.

In summary, the first two factors of the shift/share analysis measure the change in Anchorage employment due to national and industry mix changes. They represent the change in employment expected if Anchorage had changed at the same rate as the U.S. However, local variances in employment trends do exist. The third factor describes this portion of employment level changes due to local trends. The coefficient of specialization aids in the analysis by measuring an industry's relative importance in Anchorage versus the nation. These four components of analysis are not static; they are dynamic, changing with time as economic factors change.

Industry Analysis

This analysis covers Anchorage from 1975 to 1984. During this time two distinct trends are evident (see table 1 and table 2). The first covers 1975 to 1980, which include a period of high growth generated by pipeline construction and a subsequent period of slow growth after completion of the pipeline. The second trend covers the period of rapid growth caused by the state oil revenue boom. During the entire period from 1975 to 1984 national factors accounted for nearly 40% of total Anchorage employment growth, the majority of which was generated during the lean post-pipeline years. In fact few industries had positive growth from local impact during this period. The net loss in jobs caused by local factors were offset by national growth components. The opposite was true during the 1980 to 1984 period. Most industries grew rapidly due to local factors with only 12% of the job growth resulting from national factors. During the first half of this period, a major recession was in the works nationally, whereas the oil generated boom was in high gear in Anchorage. This analysis gives us a clue to what influences may cause employment growth in the current economic cycle which began in 1985. If the national economy stays relatively healthy, the national component will provide new jobs in Anchorage even if local factors drag down employment levels.

The mining industry grew 192% from 1975 to 1984 and received five times more new jobs from local factors than from national factors. The coefficient of specialization highlights its status in the Anchorage economy. In 1984 the proportion of mining jobs in Anchorage was over three times greater than for the U.S. Despite rapid growth, mining remains a small segment of the Anchorage economy representing 3.4% of total employment in 1984. Another oil and gas headquarters and support city,Houston, Texas, has 6.6% of its jobs in the mining industry. Mining industry employment in Anchorage is comprised of 90% oil and gas related jobs; this compares to only 60% in the U.S. as a whole.

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	P/ 12/85	R/ 11/85	12/84	Changes From: 11/85	 12/84
Nonag. Wage & Salary	[illegible]	[illegible]	111550	1550	1500
Mining	[illegible]	[illegible]	3700	0	450
Construction	[illegible]	[illegible]	8700	950	1500
Manufacturing	[illegible]	[illegible]	2700	50	250
Food & Kindred Pr.	[illegible]	[illegible]	500	50	50
Other Mfg.	[illegible]	[illegible]	2200	0	200
Trans. Comm. & Utilities	[illegible]	[illegible]	8800	300	400
Trucking & Warehouse	[illegible]	[illegible]	1300	0	50
Water Transportation	[illegible]	[illegible]	300	50	0
Air Transportation	[illegible]	[illegible]	4250	200	450
Other Trans. Comm. & Utilities	[illegible]	[illegible]	3950	50	0
Trade	[illegible]	[illegible]	28100	350	300
Wholesale	[illegible]	[illegible]	6600	100	100
Retail	[illegible]	[illegible]	21500	250	400
Gen. Merchandise	[illegible]	[illegible]	3900	100	100
Food Stores	[illegible]	[illegible]	1150	0	100
Eating & Drinking Pl.	[illegible]	[illegible]	8050	250	200
Other Retail Trade	[illegible]	[illegible]	8400	100	200
Finance-Ins. & R.E.	[illegible]	[illegible]	6350	100	450
Services & Misc.	[illegible]	[illegible]	25250	150	950
Government	[illegible]	[illegible]	26150	50	700
Federal	[illegible]	[illegible]	[illegible]	0	-300
State	[illegible]	[illegible]	6900	50	500
Local	[illegible]	[illegible]	9050	100	500

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-Matsu

	P/ 12/85	R/ 11/85	12/84	Changes From: 11/85	 12/84
Nonag. Wage & Salary	[illegible]	[illegible]	118050	1400	2550
Mining	[illegible]	[illegible]	3750	0	400
Construction	[illegible]	[illegible]	9500	900	1700
Manufacturing	[illegible]	[illegible]	2750	100	150
Trans. Comm. & Utilities	[illegible]	[illegible]	9400	250	650
Trade	[illegible]	[illegible]	29850	150	800
Finance-Ins. & R.E.	[illegible]	[illegible]	6800	150	400
Services & Misc.	[illegible]	[illegible]	26250	50	1200
Government	[illegible]	[illegible]	[illegible]	100	950

Air transportation and the federal government also have very high specialization coefficients. Air transportation is six times as important to Anchorage's economy than it is to the national economy, but this industry's importance has decreased over time. The reasons for the high coefficient are: Anchorage International Airport is known as the crossroad of the world. Anchorage has the highest per capita number of pilots and aircraft in the U.S., and there are large airlifts of seafood during the summer. Growth of this industry from 1975 to 1980 was due to national trends while more recent growth has been based on both local and national factors.

Trends in federal government employment have been mixed. Generally, the federal government has been a slow growth industry. However, it provides three times the jobs in Anchorage, as a percent of total employment, than nationally. State and local employment in Anchorage has primarily been a local phenomena, particularly during the 1980 to 1984 period. The proportion of local government in 1984 remained below the average across the country.

The construction industry has experienced very pronounced changes in its shift/share trends. After the pipeline completion, local factors resulted in large losses in the number of construction jobs, national factors provided some positive upward pressure on the number of jobs, but the net effect was a large loss in construction employment. From 1980 to 1984 the opposite is true, the local components provided all the gains in the number of construction jobs. In 1984 construction accounted for 9% of the jobs in Anchorage compared to 4.6% nationally.

Trade and services showed the largest gains in employment from 1975 to 1984 but over the long run national factors have contributed more to the services sector than local factors. This is a result of local losses after the pipeline completion. The proportion of health services has remained much below the national level, but has inched upwards since 1975. Both national and local trends will likely continue to provide additional growth in this sector. The coefficient of 1.23 for eating and drinking establishments pulls the overall trade coefficient above one. High incomes, high labor force participation rate and a young labor force all contribute to make eating and drinking a proportionately larger employer in Anchorage than it is nationally.

Manufacturing employment levels are at the other end of the scale. In Anchorage manufacturing accounts for only 3.3% of all jobs compared to 20.5% nationally. However, local factors have contributed the bulk of the new manufacturing jobs in Anchorage. Growth has been based in the nonfood sector.

Changes in Anchorage Employment
Anchorage Shift/Share Analysis
(1975-1984)

	1975 to 1984 Change due to			Coefficient of Specialization		
	National Growth	Industry Mix	Local Factors	1975	1980	1984
Mining	[illegible]	[illegible]	[illegible]	1.89	2.95	3.30
Construction	[illegible]	[illegible]	[illegible]	[illegible]	1.41	1.96
Gen Building	[illegible]	[illegible]	[illegible]	[illegible]	1.04	2.26
Heavy	[illegible]	[illegible]	[illegible]	[illegible]	1.72	1.76
Special Trades	[illegible]	[illegible]	[illegible]	[illegible]	1.49	1.88
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	0.15	0.12
Food Processing	[illegible]	[illegible]	[illegible]	[illegible]	0.76	0.33
TCU	[illegible]	[illegible]	[illegible]	[illegible]	1.75	1.53
Trucking	[illegible]	[illegible]	[illegible]	[illegible]	0.97	0.87
Water Trans	[illegible]	[illegible]	[illegible]	[illegible]	1.62	1.51
Air Trans	[illegible]	[illegible]	[illegible]	[illegible]	7.51	6.43
Communications	[illegible]	[illegible]	[illegible]	[illegible]	1.40	1.15
Utilities	[illegible]	[illegible]	[illegible]	[illegible]	0.77	0.72
Trade	[illegible]	[illegible]	[illegible]	[illegible]	0.95	1.03
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	0.88	1.00
Retail	[illegible]	[illegible]	[illegible]	[illegible]	0.97	1.04
Gen Merchandise	[illegible]	[illegible]	[illegible]	[illegible]	0.87	0.61
Food Stores	[illegible]	[illegible]	[illegible]	[illegible]	0.79	0.92
Retail Auto	[illegible]	[illegible]	[illegible]	[illegible]	0.95	0.99
Eat & Drink	[illegible]	[illegible]	[illegible]	[illegible]	1.12	1.23
F.I.R.E.	[illegible]	[illegible]	[illegible]	[illegible]	1.16	1.23
Banking	[illegible]	[illegible]	[illegible]	[illegible]	1.37	1.37
Services	[illegible]	[illegible]	[illegible]	[illegible]	1.08	1.03
Motel Hotel	[illegible]	[illegible]	[illegible]	[illegible]	1.78	1.52
Business Services	[illegible]	[illegible]	[illegible]	[illegible]	1.23	1.10
Medical Services	[illegible]	[illegible]	[illegible]	[illegible]	0.65	0.64
Government	[illegible]	[illegible]	[illegible]	[illegible]	1.53	1.34
Federal	[illegible]	[illegible]	[illegible]	[illegible]	2.26	3.06
State	[illegible]	[illegible]	[illegible]	[illegible]	1.56	1.50
Local	[illegible]	[illegible]	[illegible]	[illegible]	0.86	0.77
Total Employment	[illegible]		[illegible]			

Changes in Anchorage Employment
Anchorage Shift/Share Analysis
(1975-1980 and 1980-1984)

	1975-1980 Changes due to			1980-1984 Changes due to		
	National Growth	Industry Mix	Local Factors	National Growth	Industry Mix	Local Factors
Mining	223	148	[illegible]	120	136	1259
Construction	[illegible]	[illegible]	[illegible]	284	845	4644
Gen Building	[illegible]	[illegible]	[illegible]	48	62	2038
Heavy	[illegible]	[illegible]	[illegible]	[illegible]	310	430
Special Trades	[illegible]	[illegible]	[illegible]	133	99	2203
Manufacturing	[illegible]	[illegible]	[illegible]	118	132	187
Food Processing	[illegible]	48	[illegible]	[illegible]	[illegible]	466
TCU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1319
Trucking	[illegible]	[illegible]	[illegible]	44	11	317
Water Trans	[illegible]	[illegible]	[illegible]	14	[illegible]	72
Air Trans	[illegible]	[illegible]	[illegible]	[illegible]	188	477
Communication	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	175
Utilities	87	[illegible]	[illegible]	[illegible]	[illegible]	157
Total Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8474
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2031
Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6128
Gen Merchandise	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	104
Food Stores	[illegible]	[illegible]	[illegible]	[illegible]	114	1228
Retail Automotive	[illegible]	[illegible]	[illegible]	[illegible]	27	592
Eat & Drink	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2555
F.I.R.E.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2466
Banking	[illegible]	[illegible]	[illegible]	[illegible]	42	480
Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5482
Motel/Hotel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1280
Business Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	861
Medical Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1097
Government	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	826
State	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1489
Local	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1478
Total Employment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	38097

1/ The sub-industry [illegible] Analysis was only completed for those sub-industry [illegible] that were considered important.

2/ The coefficient of specialization measures the relative [illegible] of each industry in the Anchorage economy. A score of greater than one represents an industry with a higher proportion of employment in that industry compared to the national average.

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 11/85	R/ 10/85	11/84	P/ 11/85	R/ 10/85	11/84	P/ 11/85	R/ 10/85	11/84	P/ 11/85	R/ 10/85	11/84
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	218912	218493	213888
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	120744	120398	118620
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	108857	108545	106942
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11887	11853	11678
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21637	22254	21388
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13137	13580	13052
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5086	5257	5052
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3405	3417	3284
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	31755	32319	30450
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	25605	26111	24601
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2564	2630	2478
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3516	3578	3371
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7086	7149	6998
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2317	2243	2196
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2958	2993	2929
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1891	1913	1873
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	26590	26763	26967
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	837	843	849
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10293	10359	10438
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5640	5676	5720
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1916	1929	1943
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3395	3418	3444
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1589	1599	1611
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2920	2939	2962
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9235	9610	9465
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2313	2408	2372
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3566	3713	3657
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	363	378	372
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1530	1593	1569
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1458	1518	1495

[illegible]

[illegible] Current Population Survey (CPS) in for [illegible] as other time series published by [illegible] monthly changes in level. The sam[illegible] likely to be high as frequently as they [illegible] to find work in the four week [illegible] Alaska's [illegible] localities hav[illegible] proportion[illegible]

Fairbanks/Interior

By Neal Fried

The Unemployed in Fairbanks

Late winter is when the number of individuals collecting unemployment insurance peaks in Fairbanks. Most construction projects have closed, tourism has been dormant for many months and overall economic activity drops along with the temperature. Each year thousands of workers lose their jobs in the winter and many of these workers collect unemployment benefits to help tide them over the lean months.

Not all workers collect unemployment insurance when they lose their jobs. They must be covered by the unemployment insurance program. Most wage and salary workers are covered. The largest group not covered by this program are the self-employed. Others not covered are fully commissioned salespersons, domestic workers, fishermen, agricultural workers and elected and appointed officials.

The weekly benefit amount unemployment insurance claimants receive is determined by their previous earnings. The minimum weekly unemployment check is $38 and the maximum is $188. This amount can be supplemented by an additional $34 per dependent, up to three dependents. In other words the maximum weekly benefit for an individual is $290 per week.

The duration of benefits is determined by the claimants previous work history with workers having longer continuous employment entitled to more weeks of benefits. Duration of benefits ranges from 16 to 26 weeks. The extended benefit program can extend the duration of benefits up to a maximum of 13 additional weeks.

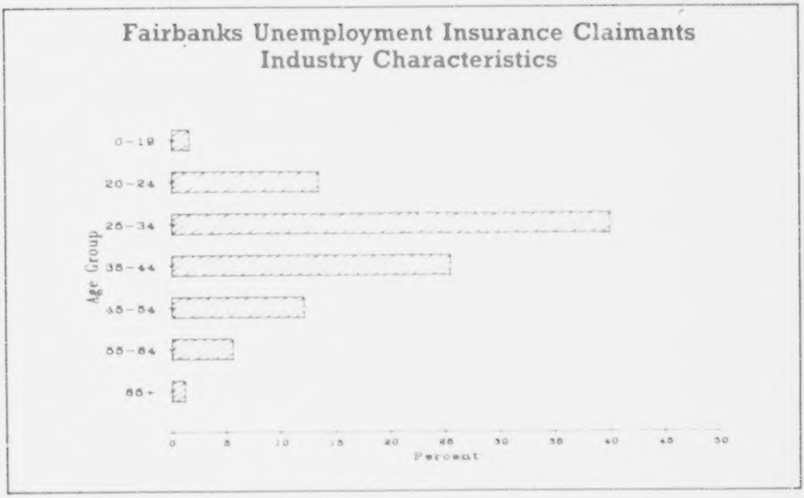
The average weekly regular benefit amount per claimant in Fairbanks was [illegible] and the duration was [illegible] weeks. Fairbanks residents represented [illegible] of all claimants, a close match to Fairbanks' total share of wage and salary employment ([illegible]). In 1986 $16.9 million was paid out in unemployment insurance benefits to Fairbanks residents, setting a new record. Though Fairbanks received the second largest amount of unemployment dollars in Alaska (after Anchorage), additional unemployment dollars flowed to workers who earned their wages in Alaska but collected their unemployment outside the state.

Sex Characteristics

Though women represent approximately 42% of Fairbanks' labor force, only [illegible] of the Fairbanks unemployment claimants were women. Women are underrepresented among unemployment insurance claimants because their occupational and industry mix is different from men. Men dominate the construction trades where a disproportionate number of the unemployment insurance claimants work before losing their jobs. Women, on the other hand, dominate the clerical and sales occupations where employment is more stable. Women are also strongly represented in professional and managerial occupations that tend to be more stable.

Age Characteristics

Unemployment claimants tend to be young. Fifty-five percent of Fairbanks' unemployment claimants were under 35. Younger workers tend to be less strongly attached to the labor force. These workers change jobs more often than an older worker, and therefore will experience more periods of unemployment. They tend to be more highly concentrated in those industries such as construction and mining which experience higher rates of unemployment. Younger workers also have less experience and seniority and are, therefore, often first to be let go during a layoff period.

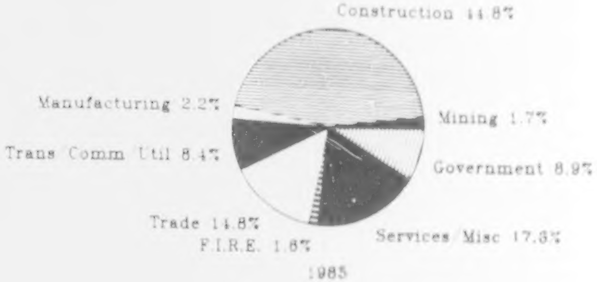

Fairbanks Unemployment Insurance Claimants
Industry Characteristics

Industry Characteristics

Forty-five percent of Fairbanks' unemployment claimants were previously employed in construction. This seems unusual since only ten percent of Fairbanks' total wage and salary work force are employed in the construction industry. Outside of Fairbanks' small mining industry, construction is Fairbanks' most seasonal industry. In 1985 there was a difference of 1,200 jobs from the peak month of employment in construction and the low month. Additionally, many Fairbanks residents work on construction projects elsewhere in the state, such as the North Slope, and when laid off return to Fairbanks. These workers are not part of Fairbanks' wage and salary work force when employed, but they are counted in Fairbanks' unemployment claimant statistics when collecting unemployment benefits.

Most other industries are underrepresented in unemployment claimants. Government is the opposite of construction. Though 33% of Fairbanks' wage and salary employment is in government, only 9% percent of unemployment claimants previously worked in government. Government is a stable, largely nonseasonal industry.

Fairbanks Unemployment Insurance Claimants
Age Characteristics
1985



Occupations

The occupational unemployment data correlates closely with the industry breakdowns. Construction trades (structural) constitute the largest category with forty percent. A majority of the remaining occupations such as professional, technical, managerial, clerical, sales, and services are small because they are less seasonal.

Summary

During the past three years the characteristics of the unemployed have not changed significantly. In 1985 the average unemployment check was $143 and duration of collecting was fourteen weeks. Construc-

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	P/ 12/85	R/ 11/85	12/84	Changes From: 11/85	 12/84
Nonag. Wage & Salary	28350	29100	27200	750	1150
Mining	150	150	150	0	0
Construction	2150	2800	1900	650	250
Manufacturing	550	550	500	0	50
Trans. Comm. & Utilities	2800	2800	2800	0	0
Trucking & Whsg.	450	450	500	0	50
Air Transportation	[illegible]	[illegible]	[illegible]	0	0
Other Trans. Comm. & Utilities	1450	1450	1400	0	50
Trade	[illegible]	[illegible]	5800	0	350
Wholesale	[illegible]	[illegible]	1000	0	0
Retail	[illegible]	[illegible]	4800	0	350
Gen. Mer. & Apparel	[illegible]	[illegible]	[illegible]	50	0
Food Stores	[illegible]	[illegible]	[illegible]	50	100
Other Retail Trade	[illegible]	[illegible]	[illegible]	0	250
Finance-Ins. & R.E.	[illegible]	[illegible]	1000	0	50
Services & Misc.	[illegible]	[illegible]	[illegible]	0	50
Government	[illegible]	[illegible]	9450	400	400
Federal	[illegible]	[illegible]	[illegible]	50	150
State	[illegible]	[illegible]	[illegible]	50	200
Local	[illegible]	[illegible]	[illegible]	0	50

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	P/ 12/85	R/ 11/85	12/84	Changes From: 11/85	 12/84
Nonag. Wage & Salary	[illegible]	[illegible]	[illegible]	[illegible]	1150
Mining	[illegible]	[illegible]	[illegible]	0	50
Construction	[illegible]	[illegible]	[illegible]	[illegible]	200
Manufacturing	[illegible]	[illegible]	[illegible]	0	50
Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	0	0
Trade	[illegible]	[illegible]	[illegible]	0	400
Finance-Ins. & R.E.	[illegible]	[illegible]	[illegible]	0	50
Services & Misc.	[illegible]	[illegible]	[illegible]	[illegible]	100
Government	[illegible]	[illegible]	[illegible]	[illegible]	300

tion's percentage share has increased only slightly, while government's share increased by three percentage points. Government employment grew rapidly in 1983, but growth has slowed in 1985. Budget restraints may explain government now having a larger share of unemployment claimants. Fairbanks' "typical" unemployment claimant remains the young male construction worker, but all industries and occupations are part of Fairbanks' unemployment claimant picture. For further information concerning Alaska's Unemployment Insurance Program, please refer to *Unemployment Insurance Study and Financial Handbook*, December 1985.

Current Trends

The year-end labor force numbers are now available and indicate only small changes in Fairbanks employment statistics. Fairbanks' unemployment rate was 13% for 1985, four tenths of a percentage point lower than in 1984. Employment grew but the number of unemployed was virtually unchanged. The result is an unemployment rate that is lower than last year. Fairbanks' rate remained higher than most of Alaska's other urban areas and above the other census areas. Anchorage's rate was 7.4% and Juneau's was 9.2%. Seasonality and a large construction sector appear to be two major reasons for this difference.

Gulf Coast

By Neal Fried

Kodiak's 1985 Economy

A year ago we examined Kodiak's economic trends in the early 1980's and concluded that Kodiak's economy had not prospered along with the rest of the state. This trend in Kodiak's economy remained unchanged in 1985. Total wage and salary employment remained flat (based on employment data for the first 6 months of 1985). Kodiak's king crab industry did not improve and no recovery in Afognak Island's logging industry occurred. Kodiak's construction activity peaked in 1983 with 582 jobs and fell to 285 jobs in 1985. Fish processing employment did not change, even though Kodiak had a good salmon season. Though employment remained unchanged in 1985, total wage and salary payroll fell by 10%. Total payroll fell because the proportional mix of the industries changed. Employment in the high-paying construction industry fell while the low-paying retail trade industry employment grew. The trade employment growth was not enough to make up for the shortfalls in the construction payrolls.

Retail trade employment grew 17% in 1985 and has grown 38% over the last five years. Statewide this industry boomed. Prior to the 1980's, Kodiak had less retail employment than would be expected for its population size and income, but like much of the state is now playing catch-up. Kodiak's population also grew in spite of this weak employment picture, providing more stimulus to trade. Outside investment in this industry became more prevalent and a good deal of local investment activity also occurred. Growth in retail trade is a national trend as more people choose to eat out and demand more specialized retail services.

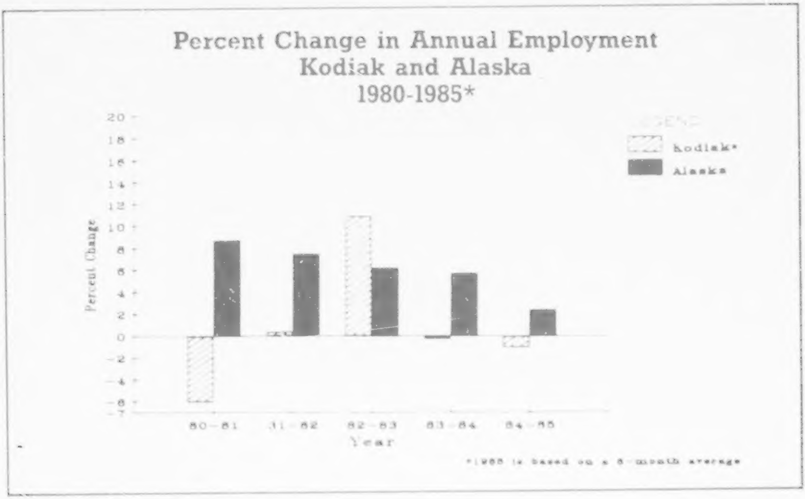
On the government side the Coast Guard has been undertaking an ambitious construction program, building new housing, recreation and administrative centers and other facilities. State government employment grew enough to push total government employment to the plus side while local and federal government remained stable.

The Future

There have been some recent developments in Kodiak's economy that may improve the employment picture. The commencement of a bottom fishery is taking place and a number of fish processors are now processing bottomfish in a variety of ways for international and domestic markets. New life will be breathed into Kodiak's logging industry. There are plans to log again on Afognak Island beginning this spring

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	P/ 12/85	R/ 11/85	12/84	Changes From: 11/85	 12/84
Nonag. Wage & Salary	[illegible]	[illegible]	18850	1000	250
Mining	[illegible]	[illegible]	850	0	-50
Construction	[illegible]	[illegible]	1750	200	100
Manufacturing	[illegible]	[illegible]	2300	450	0
Food & Kindred Prod.	[illegible]	[illegible]	1850	450	0
All Other Mfg.	[illegible]	[illegible]	450	0	0
Trans. Comm. & Utilities	[illegible]	[illegible]	1700	150	50
Trade	[illegible]	[illegible]	3450	-50	250
Wholesale	[illegible]	[illegible]	450	0	50
Retail	[illegible]	[illegible]	3000	-50	200
Finance-Ins. & R.E.	[illegible]	[illegible]	550	-50	50
Services & Misc.	[illegible]	[illegible]	2650	100	150
Government	[illegible]	[illegible]	5650	0	200
Federal	[illegible]	[illegible]	550	0	0
State	[illegible]	[illegible]	1650	-50	100
Local	[illegible]	[illegible]	3450	150	100


Percent Change in Annual Employment
Kodiak and Alaska
1980-1985*

*1985 is based on a 6-month average

A workcrew of 45 will be hired this year and plans for further expansion are expected. Tourism is also projected to grow.

On the down side are falling state revenues. In the future less state dollars will be available for capital construction projects, for local government operating budgets and for state government employment. Possible cuts in the Coast Guard have been announced. If this happens it could be devastating to the local economy. The Coast Guard's presence in Kodiak is large (1086 Coast Guard personnel were stationed in Kodiak in 1985) and it provides a stabilizing influence on the area's economy.

During 1986 no significant change in employment is expected. Employment should remain stable. The long run picture depends on the fortunes of the fishing industry and how fast oil revenues decline. The king crab fishery cannot get much worse, but it may be a number of years before it recovers. It would take many years for the bottomfishery to take its place. If the king crab fishery recovers and the bottomfishery flourishes, Kodiak's future economy could register strong growth in spite of falling oil revenues.

Current Trends

All areas within the Gulf Coast region reached double digit unemployment rates in December. The Kenai Peninsula topped the region with 16.5%. The region's rates also remain above year-ago figures as a result of slower employment growth and layoffs in the construction industry.

December was truly a bleak month for wage and salary employment. All of the region's industries posted either zero over-the-month changes or declines. Fish processing and construction were the big losers and even retail trade lost ground in December. All of these losses were largely seasonal in nature. On the bright side, over-the-year growth still exists, though it is not as robust as it has been in past years, a sign of a slowing economy.

Southeast Alaska

By John Boucher

Southeast's Wood Products Industry

One of Southeast Alaska's primary employers has been the timber industry. Public land use policy and Far Eastern demand for forest products had combined to make the timber industry Southeast Alaska's most productive year round private industry. However, since 1980 diminished demand coupled with increased competition from Canadian and Pacific Northwest producers changed the outlook for the timber industry in Southeast Alaska dramatically.

Prior to the downturn in demand, Alaska's timber industry had three dominant players, Alaska Lumber and Pulp, Louisiana-Pacific Corporation, and the United States Forest Service. The origins of the timber industry in Southeast date from a desire on the part of the federal government to create an industry using timber from the Tongass National Forest. It is required by the government that all timber harvested from the federally owned land be processed locally. The Forest Service's role was to administer the forest on behalf of the government by providing selected timber for sale and overseeing infrastructure development such as road building.

The two private corporations used timber from federal land to provide jobs at sawmills and pulp mills in Southeast Alaska. The Southeast Alaska timber industry found its market niche in the Far East, since it could not compete in the lucrative U.S. housing market with the Pacific Northwest and Canadian producers due to higher transportation and labor costs.

While worldwide demand for wood products was high, the Southeast timber industry was able to survive even though it was probably one of the more costly producers. Since 1980 the demand for housing, both in the United States and Japan, has declined. Even more significantly, the average square foot of new dwellings has decreased due to construction costs and energy conservation. Also, demand for man made fibers such as rayon, of which pulp is an ingredient, has also fallen off. The shrinking world market heightened competition for markets. Other Pacific Northwest producers became interested in the Far Eastern markets. The competitive disadvantage of Southeast Alaska producers has taken its toll in terms of industry employment. Curtailed production has resulted in sporadic and permanent closing of facilities since 1980.

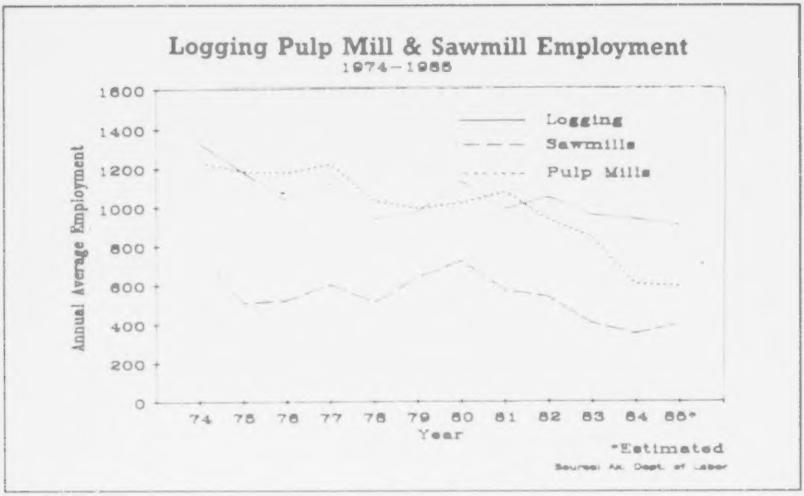
While the traditional powerhouses in the timber industry have been struggling, new players in the industry have been making themselves felt. These new players are the Southeast Alaska native corporations. The Alaska Native Claims Settlement Act (ANCSA) entitled village and regional native corporations to select prime timber lands as part of the assets of their corporations. This made the native corporations some of the largest private landowners in Southeast Alaska.

The native corporations are flourishing in the timber industry while the traditional giants are faltering because native owned lands do not have the primary manufacturing requirement that is an integral part of federally controlled timber in Southeast Alaska. Since they are not bound to produce a finished product they do not have to recover the added value in a higher product cost. The Japanese have also demonstrated a preference for logs in the round over the squared off cants that Southeast Alaska mills produce, so in addition to the product being cheaper, the native corporations timber product is more desired.

The change in the Southeast Alaska timber industry is evidenced in the graph. It is apparent that the pulp mill portion of the industry has been the hardest hit during the last ten years. Employment in this sector has faced a steady decline since 1977, even during the run up of oil and other commodity prices in 1979 and 1980, the pulp mill portion of the Southeast timber industry had no employment gains. The announcement recently that the Ketchikan pulp mill will close indefinitely in Februaryis a reflection of the steady drop in demand for pulp products.

Sawmill employment has fared better than the pulp mills. However, since 1980 they have also had a steady decline in employment. The sawmill portion of the industry is much more segmented than the pulp mill-sector because there are more individual operators involved. The two large corporate players participate in this segment of the industry, however, their role has become less significant during this period. Alaska Lumber and Pulp was the owner and operator of the largest sawmill in Southeast Alaska, the Wrangell mill, until it was sold to another firm in 1984. Louisiana Pacific is still operating several sawmills, however, the largest of their facilities, the Ketchikan spruce mill, closed during a union dispute several years ago and has not reopened. Smaller operations in Southeast have struggled to avoid bankruptcies and foreclosures.

The logging sector of the industry is weathering the current problems best. Employment in this sector has declined, but not to the same degree of the other two sectors of the industry. This is due to the involve mentof Southeast native corporations in the export of round logs. The short term outlook for this segment of the industry is fairly good.


Logging Pulp Mill & Sawmill Employment
1974–1985

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	P/ 12/85	R/ 11/85	12/84	Changes From: 11/85	12/84
Nonag. Wage & Salary	[illegible]	[illegible]	[illegible]	550	150
Construction	[illegible]	[illegible]	[illegible]	350	400
Manufacturing	[illegible]	[illegible]	[illegible]	250	100
Food & Kindred Prod.	[illegible]	[illegible]	[illegible]	[illegible]	50
Lumber & Paper Prod.	[illegible]	[illegible]	[illegible]	[illegible]	100
All Other Mfg.	[illegible]	[illegible]	[illegible]	0	50
Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	100	150
Trade	[illegible]	[illegible]	[illegible]	150	100
Wholesale	[illegible]	[illegible]	[illegible]	0	0
Retail	[illegible]	[illegible]	[illegible]	[illegible]	100
Finance Ins. & R.E.	[illegible]	[illegible]	[illegible]	0	100
Mining, Services & Misc.	[illegible]	[illegible]	[illegible]	[illegible]	250
Government	[illegible]	[illegible]	[illegible]	[illegible]	250
Federal	[illegible]	[illegible]	[illegible]	[illegible]	50
State	[illegible]	[illegible]	[illegible]	[illegible]	50
Local	[illegible]	[illegible]	[illegible]	[illegible]	150

Southeast Alaska offers one of the last areas in the world where old growth spruce is readily available, however, native lands are not infinite and exhaustion of this resource in the long term must be avoided for logging to remain viable.

Current Trends

Southeast Alaska wage and salary employment continued to trend downward in the month of December, falling 550 jobs from November's level. The manufacturing and construction industries were the largest employment losers, each declining by 250 jobs. The drop in the manufacturing industry was largely the result of declines in the lumber and paper products industry.

Unemployment for the Southeast region increased four-tenths of one percentage point in December to 12.2% (see center insert). The census area with the highest unemployment rate was the Prince of Wales-Outer Ketchikan area while Juneau had the regions lowest unemployment rate at 10.8%. Preliminary annual averages for 1985 indicated dramatic improvement in the unemployment rate for the Southeast region for 1985. The Ketchikan Gateway Borough and the Wrangell-Petersburg census divisions had the most dramatic improvement in their unemployment rates. Ketchikan dropped from 15.1% unemployed to 10.3% while Wrangell-Petersburg declined from 16.1% to 11.0% unemployed.

Hours and Earnings

By Kathleen Thomas

Personal Income by Census Division

The Department of Commerce, Bureau of Economic Analysis (BEA), calculates total and per capita personal income for each of Alaska's census divisions, as well as statewide total and per capita income as discussed in last month's Alaska Economic Trends (The BEA still uses the old census divisions. Alaska Planning Information published in Feburary 1985 gives comparative maps of the old and new areas.) By using BEA's figures, an approximation of the absolute and relative income of each census division can be measured. The components of personal income are wages and salaries, proprietors' income with inventory valuation and capital consumption, dividend income, personal interest income, rental income, and transfer payments. Personal contributions for social insurance are subtracted. The calculations for census division income lag one year behind state income with the most recent census division data being 1983.

Anchorage had the largest total personal income of any census division. Fairbanks was second. However, the effects of higher total personal income were minimized when population was taken into account as was done with per capita income. Those areas with the highest total personal income did not necessarily have the highest per capita income. Anchorage had 49% of total personal income, however, its per capita income was only 10% above the state average. Barrow-North Slope had one of the smallest total personal income, only 1% of the state total, but its per capita income was 22% above the state level.

The Barrow-North Slope census division also had the highest per capita personal income of all the census divisions. Juneau was not far behind with the second highest per capita income. Fairbanks and Anchorage were third and fourth respectively. Wade Hampton had the lowest per capita income with Kuskokwim having the next lowest. Areas with an established industrial base whether mining as in Barrow-North Slope or government as in Juneau consistently had higher per capita incomes. Rural areas without a steady source of employment or industry had lower per capita incomes.

Rates of total personal income growth, the percentage change in total personal income from 1982, were positive for all census divisions. Whether a division was urban or rural had little to do with its rate of growth. Kuskokwim census division had one of the lowest per capita incomes but one of the highest rates of growth, 18.2%. Outer Ketch-

Personal Income by Census Division
1983

	Total Personal Income (in Millions of Dollars)	Per Capita Income (Dollars)	Per Capita Income % of National Average	% Change of Total Personal Income From 1982
U.S.	2,734,464	11,687	[illegible]	8.2
Alaska	[illegible]	[illegible]	147	[illegible]
Aleutian Islands	[illegible]	[illegible]	[illegible]	8.0
Anchorage	[illegible]	[illegible]	[illegible]	10.9
Angoon	[illegible]	[illegible]	[illegible]	3.3
Barrow-North Slope	[illegible]	[illegible]	[illegible]	12.8
Bethel	[illegible]	[illegible]	[illegible]	14.1
Bristol Bay Borough	[illegible]	[illegible]	[illegible]	[illegible]
Bristol Bay	[illegible]	[illegible]	[illegible]	15.9
Cordova-McCarthy	[illegible]	[illegible]	[illegible]	[illegible]
Fairbanks	[illegible]	[illegible]	[illegible]	[illegible]
Haines	[illegible]	[illegible]	[illegible]	[illegible]
Juneau	[illegible]	[illegible]	[illegible]	[illegible]
Kenai-Cook Inlet	[illegible]	[illegible]	[illegible]	[illegible]
Ketchikan	[illegible]	[illegible]	[illegible]	[illegible]
Kobuk	[illegible]	[illegible]	[illegible]	[illegible]
Kodiak	[illegible]	[illegible]	[illegible]	[illegible]
Kuskokwim	[illegible]	[illegible]	[illegible]	15.2
Matanuska-Susitna	[illegible]	[illegible]	[illegible]	[illegible]
Nome	[illegible]	[illegible]	[illegible]	[illegible]
Outer Ketchikan	[illegible]	[illegible]	[illegible]	[illegible]
Prince of Wales	[illegible]	[illegible]	[illegible]	[illegible]
Seward	[illegible]	[illegible]	[illegible]	[illegible]
Sitka	[illegible]	[illegible]	[illegible]	[illegible]
Skagway-Yakutat	[illegible]	[illegible]	[illegible]	[illegible]
Southeast Fairbanks	[illegible]	[illegible]	[illegible]	[illegible]
Upper Yukon	[illegible]	[illegible]	[illegible]	[illegible]
Valdez-Chitina-Whittier	[illegible]	[illegible]	[illegible]	[illegible]
Wade Hampton	[illegible]	[illegible]	[illegible]	[illegible]
Wrangell-Petersburg	[illegible]	[illegible]	[illegible]	[illegible]
Yukon-Koyukuk	[illegible]	[illegible]	[illegible]	[illegible]

Source: U.S. Department of Commerce, Bureau of [illegible] Analysis.

ikan,at 17.3%, had the highest rate of growth. Valdez-Chitina-Whittier, at 0.2%, had the lowest rate. Only seven of the 29 census division had a slower growth rate than the national level.

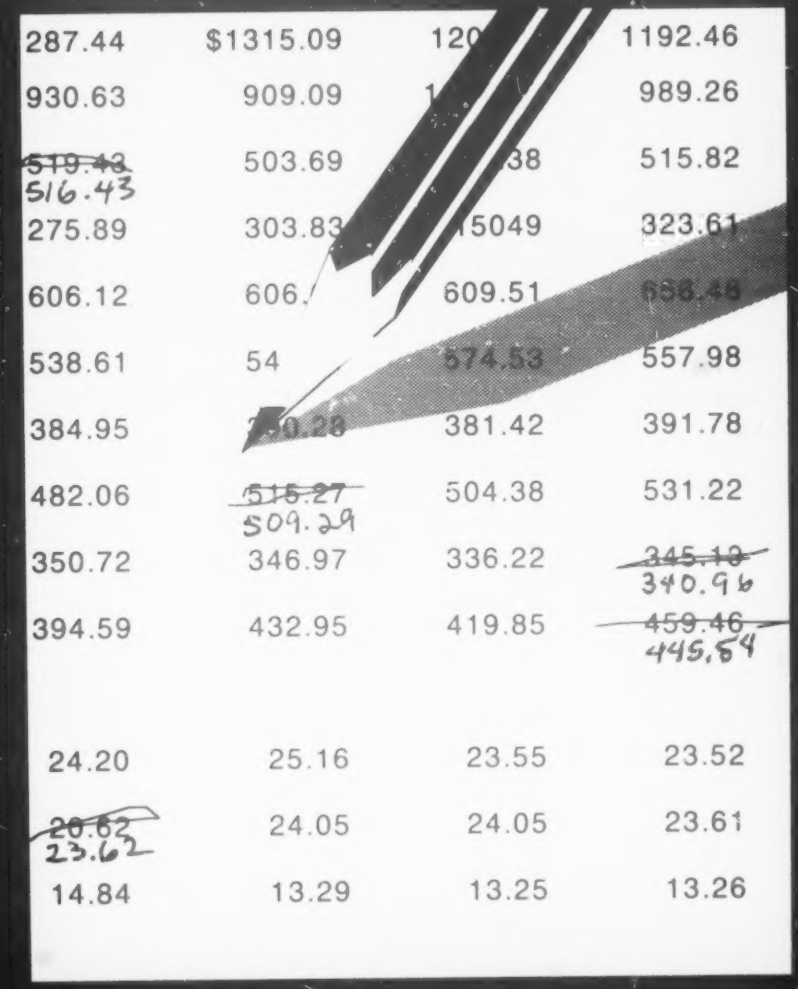
Current Trends

Average hourly earnings in the lumber and paper products sector of manufacturing continued to trend downward. However, the year to year change is unusually dramatic. During November and December of 1984 lumber and paper products experienced a down turn in activity. Because of this slowdown, a large number of lower paid employees were laid off. With a decrease in the number of lower paid employees, average hourly earnings increased.

Average hourly earnings in mining declined from their November high. December has traditionally been a slow month in mining especially after the high levels of activity in November. Most mines in the northern portion of the state wait until the ground freezes to transport heavy equipment needed for their operations. Because of the increased activity more overtime is worked thereby increasing average hourly earnings.

MARCH 1986
ALASKA ECONOMIC TRENDS

Alaska Department of Labor **Bill Sheffield, Governor, State of Alaska**



287.44	$1315.09	120	1192.46
930.63	909.09	1	989.26
~~519.43~~ 516.43	503.69	38	515.82
275.89	303.83	15049	323.61
606.12	606.	609.51	656.48
538.61	54	574.53	557.98
384.95	0.28	381.42	391.78
482.06	~~515.27~~ 509.29	504.38	531.22
350.72	346.97	336.22	~~345.10~~ 340.96
394.59	432.95	419.85	~~459.46~~ 445.54
24.20	25.16	23.55	23.52
~~20.62~~ 23.62	24.05	24.05	23.61
14.84	13.29	13.25	13.26

1985 Benchmark Revisions

Alaska Economic Trends

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

Judy Knight, *Director, Administrative Services*
Chuck Caldwell, *Chief, Research and Analysis*
Ed Eboch, *Editor*

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Gulf Coast-*Unemployment on the Kenai Peninsula* 28
Southeast Alaska-*1985: The Year In Review* 33
Hours and Earnings-*New Procedure for Hours and Earnings* 37

Labor Force by Region and Census Area Center Insert

[illegible]
[illegible]

POSTMASTER [illegible]

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	P/ 12/85	R/ 11/85	12/84	P/ 12/85	R/ 11/85	12/84	P/ 12/85	R/ 11/85	12/84
Mining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manufacturing	14.78	13.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Food & Kindred Prod.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lumber & Paper Prod.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trans., Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance-Ins. & R.E.							[illegible]	[illegible]	[illegible]

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ Excludes [illegible] establishments.

AVERAGE HOURS AND EARNINGS ESTIMATES are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska

Benchmark date March 1984

P Denotes preliminary estimates
R Denotes revised estimates

Revised Employment, Hours and Earnings and Labor Force Data

By Ed Eboch

Each January, nonagricultural employment estimates are revised for the proceeding eighteen months by a procedure referred to as **benchmarking**. The revised employment estimates for 1985 have just been completed. The monthly estimates of employment published in *Alaska Economic Trends* are based on a sample of employers. The most comprehensive count of employment is based on unemployment insurance tax reports, commonly referred to as ES-202 data. There is a six to nine month lag in collection and publication of this information. As a result, monthly employment is estimated from a sample of firms willing to participate in the Current Employment Statistics (CES) program. The willingness of firms to provide data makes it possible to produce reliable estimates of nonagricultural wage and salary employment on a timely basis.

Revised estimates for 1985 have been completed and incorporate ES-202 data through June 1985. The CES estimates were surprisingly good when compared to the benchmark estimates; total annual average nonagricultural employment was estimated at 231,000 versus the benchmark number of 231,400. The estimates tracked the actual very closely through the last six months of 1984. In early 1985 the transfer of the Alaska Railroad resulted in some slight overestimates for January and February. From March on total employment estimates tracked the benchmark numbers closely, only gradually lagging behind the benchmark numbers.

The greatest estimating error was in the services industry, where the annual average estimates were 1,000 below the benchmark figure, and retail trade, 600 below benchmark. Although our estimates indicated a healthy employment growth rate of 3.5% in services and an increase of 3.4% in retail trade, these were below the benchmark growth rates of 5.6% and 5.0% respectively. The only other industry for which the estimates were out of line with the benchmark numbers was government. The transfer of the Alaska Railroad caused an overestimation in federal government employment of 300. Local government was also overestimated 300 for 1985.

This year we have included a revised hours and earnings series as well as revised unemployment rates with our benchmark employment estimates. Both series had a change in methodology used to calculate the data. The major change in estimating unemployment was the incorporation of 1984 and 1985 population data for disaggregating the regional unemployed to the census divisions. For a detailed description of the hours and earnings changes see the Hours and Earnings section at the end of this publication. In addition, the hours and earnings estimates have a better sample and both series incorporate the benchmark employment numbers.

Nonagricultural Wage and Salary Employment
By Place of Work
ALASKA

1985

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Nonag Wage & Salary	[illegible]	215300	219400	225300	232000	239000	249300	249200	244900	235500	228900	224500	231400
Mining	8800	9200	9400	9600	9500	9500	9700	9700	9600	9600	9300	9100	9400
Construction	14800	14400	15500	15900	18000	20900	23500	24300	23500	21500	16900	14900	18600
Manufacturing	6900	7800	8400	10000	12100	14900	21400	19300	14000	9500	9100	8000	11800
Food & Kindred Prod	2200	2800	3000	4200	6000	8600	15000	13300	7900	3700	3500	2800	6100
Lumber & Paper Prod	1800	1800	2300	2400	2600	2700	2600	2300	2400	2200	2100	1800	2200
All Other Mfg	2900	3200	3100	3400	3500	3600	3700	3700	3700	3600	3500	3400	3500
Trans Comm & Utilities	17800	17400	17700	18800	19900	20800	22500	20700	20300	19200	18600	18300	19100
Trucking & Warehsng	2200	2200	2300	2200	2200	2400	2400	2400	2300	2100	2200	2100	2300
Water Transportation	1000	1100	1300	1400	1500	1500	1800	1900	1800	1400	1200	1200	1400
Air Transportation	5300	5200	5300	5800	6400	6800	6800	6700	6400	6300	6000	5900	6100
Other Trans Comm & Utilities	9000	8900	8900	9200	9800	9700	9700	9700	9800	9400	9200	9100	9300
Trade	43200	42700	43200	44600	47000	48200	49000	48600	47700	47400	47200	47000	46300
Wholesale	8400	8300	8400	8600	8800	9100	9000	8900	8800	8700	8500	8500	8700
Retail	34800	34400	34800	36000	37400	39100	40000	39700	38900	38700	38700	38600	37600
Gen Mer & Apparel	5100	4800	4800	5200	5500	5600	5600	5700	5700	5700	5900	6000	5400
Food Stores	5700	5600	5700	6000	6100	6400	6600	6600	6400	6100	6300	6300	6200
Eating & Drinking Pl	11900	12200	12400	13000	13600	14400	14900	14500	14000	14100	13800	13600	13500
Other Retail Trade	12100	11800	11900	12100	12400	12600	12900	12900	12800	12800	12700	12600	12500
Finance Ins & R.E.	12300	12200	12400	12800	12700	13000	13400	13000	13200	13100	12900	12700	12800
Services & Misc	43300	43500	44000	44200	45500	46800	47400	47900	46900	45400	45100	45000	45400
Government	66900	68100	68900	69400	68400	66400	65400	65400	69700	69800	69800	69500	68100
Federal	17000	17000	17100	17300	17700	17900	17900	17900	17700	17600	17800	17900	17600
State	19600	20400	21000	21100	19800	19600	19800	19700	21000	20900	20700	20100	20300
Local	30400	30700	30800	31200	31400	27900	27700	27800	31000	31300	31300	31500	30200

Nonagricultural Wage and Salary Employment
By Place of Work
ANCHORAGE

1985

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Nonag. Wage & Salary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	114900
Mining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4100	4000	4200
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8150	7300	8900
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2800
Food & Kindred Prod.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	700
Other Mfg.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2100
Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trucking & Warehousing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water Transportation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Air Transportation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Merchandise	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Food Stores	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eating & Drinking Pl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Retail Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance-Ins. & R.E.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Services & Misc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Government	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
State	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Nonagricultural Wage and Salary Employment
By Place of Work
ANCHORAGE-MATSU

1985

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Nonag. Wage & Salary	115500	116150	117350	118500	121050	124900	127450	128800	129700	125900	123400	122300	122600
Mining	4100	4250	4050	4400	4400	4250	4200	4150	4200	4250	4100	4000	4200
Construction	8300	7800	8050	7750	9250	10800	11850	12500	12000	10750	8800	7850	9700
Manufacturing	2300	2500	2450	2600	2950	3100	3900	3850	2900	2850	2750	2700	2900
Trans. Comm. & Utilities	9850	9550	9850	10350	11050	11250	11450	11600	11300	10900	10550	10350	10700
Trade	27250	27450	27650	28500	29450	31100	31650	31250	30650	30700	30850	31000	29600
Finance Ins. & R.E.	8800	8900	9000	9100	9250	9400	9600	9550	9400	9200	9150	9050	9200
Services & Misc.	26500	27250	27500	28000	27900	28800	28400	28900	28750	27800	27750	27750	27800
Government	28850	28950	28900	28850	28450	27750	27050	27400	28950	29300	29450	29500	28800

Nonagricultural Wage and Salary Employment
By Place of Work
FAIRBANKS

1985

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Nonag. Wage & Salary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	29000	27950	29300
Mining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	200	150	200
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2500	2000	3100
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	550	550	600
Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2800	2700	2900
Trucking & Warehousing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	450	450	500
Air Transportation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	900	850	900
Other Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1450	1400	1500
Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6200
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1000
Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5700
Gen. Mer. & Apparel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	500
Food Stores	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	800
Other Retail Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3500
Finance-Ins. & R.E.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1300
Services & Misc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5800
Government	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
State	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4300
Local	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1800

Nonagricultural Wage and Salary Employment
By Place of Work
INTERIOR

1985

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Nonag. Wage & Salary	[illegible]	[illegible]	[illegible]	32550	33250	34720	36400	[illegible]	[illegible]	34300	32650	31750	33200
Mining	250	250	250	300	350	400	400	400	350	350	300	300	300
Construction	[illegible]	2200	2500	[illegible]	[illegible]	4000	4250	4900	4650	3750	3750	2100	3300
Manufacturing	500	550	550	600	650	650	650	650	700	650	550	550	600
Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3400	[illegible]	3500	[illegible]	3050	3050	3200
Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7250	7150	7000	[illegible]	6550	6450	6600
Finance Ins. & R.E.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1150	1150	1150	1100	1100	1100	1100
Services & Misc.	5750	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6400	[illegible]	6000	5950	6100
Government	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12350	12250	12000

Nonagricultural Wage and Salary Employment
By Place of Work
SOUTHEAST ALASKA

1985

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Nonag. Wage & Salary	25950	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	27400	29100
Construction	1150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1350	1350	1600
Manufacturing	1900	[illegible]	2550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2400	2100	3300
Food & Kindred Prod	400	400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	450	400	900
Lumber & Paper Prod	1300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1750	[illegible]	1900
All Other Mfg	200	200	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	250	250	200	200	200
Trans. Comm. & Utilities	1650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2000	[illegible]	1800	2000
Trade	4100	4050	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4700	[illegible]	4400	[illegible]	4500
Wholesale	350	350	[illegible]	[illegible]	[illegible]	[illegible]	400	[illegible]	400	400	[illegible]	350	400
Retail	3750	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4100	4050	4100
Finance-Ins. & R.E.	1050	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1100
Mining, Services & Misc.	4200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4500
Government	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12450	[illegible]	12300
Federal	1950	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
State	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local	4450	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Nonagricultural Wage and Salary Employment
By Place of Work
GULF COAST

1985

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Nonag. Wage & Salary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20300	19600	21000
Mining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	800	800	800
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2100	1850	2000
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2350	1950	3200
Food & Kindred Prod	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1700	1300	2500
All Other Mfg	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	650	700
Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1800	1750	1800
Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3480	3800
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	500	500	500
Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3450	3300
Finance Ins. & R.E.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	600	600
Services & Misc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3150	3300
Government	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5800	5600	5800
Federal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	800
State	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1550	1600
Local	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3500	3300

U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
ALASKA UNEMPLOYMENT STATISTICS
BY REGION AND CENSUS AREA

	1/85	2/85	3/85	4/85	5/85	6/85	7/85	8/85	9/85	10/85	11/85	12/85	1985 Annual Average	1984 Annual Average
Alaska Statewide	11.3	11.3	11.1	10.7	8.9	9.1	8.5	7.9	7.1	8.4	[illegible]	[illegible]	9.5	10.1
Anch-MatSu Region	9.4	9.6	9.5	[illegible]	8.1	8.0	7.5	7.1	6.4	[illegible]	7.9	[illegible]	8.2	8.1
Anchorage Borough	8.4	8.5	[illegible]	8.4	[illegible]	7.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.4	7.5
MatSu Borough	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.8	12.4
Gulf Coast Region	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.8	12.8
Kenai Peninsula Borough	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.9
Kodiak Island Borough	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Valdez-Cordova	14.5	[illegible]	[illegible]	12.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.6
Interior Region	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.9
Fairbanks North Star Bor	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.1
Southeast Fairbanks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yukon-Koyukuk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Northern Region	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kobuk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nome	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
North Slope Borough	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.9
Southeast Region	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Haines Borough	[illegible]	[illegible]	[illegible]	14.8	[illegible]	7.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Juneau Borough	12.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ketchikan Gateway Bor	15.3	[illegible]	11.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.0

Prince of Wales- Outer Ketchikan	18.7	16.6	14.4	13.6	12.3	9.6	11.7	10.6	10.5	15.0	15.7	15.1	13.6	15.6
Sitka Borough	11.5	10.7	8.3	7.8	7.0	7.4	9.4	11.8	11.0	9.6	9.6	11.1	9.6	10.1
Skagway-Yakutat-Angoon	22.5	23.0	20.3	17.7	12.8	11.3	9.0	7.2	5.4	8.1	13.8	14.3	13.8	15.2
Wrangell-Petersburg	17.0	17.3	15.2	11.7	10.5	10.3	7.1	5.0	5.5	8.8	11.5	15.0	11.2	16.5
Southwest Region	8.7	8.4	10.1	10.1	7.2	8.4	6.0	8.5	7.5	6.4	7.3	8.9	8.1	9.6
Aleutian Islands	3.4	2.8	3.9	3.7	2.5	3.1	2.8	3.7	3.2	3.8	2.9	3.8	3.2	5.4
Bethel	9.5	9.8	11.6	11.6	8.4	10.7	8.8	12.0	10.2	8.4	8.9	10.9	10.1	11.6
Bristol Bay Borough	13.8	11.1	12.6	9.8	6.1	5.6	3.5	5.1	3.8	7.4	7.5	9.0	8.0	9.4
Dillingham	11.2	9.8	11.1	10.5	7.7	6.2	3.4	5.6	5.8	6.1	7.4	8.6	7.5	8.2
Wade Hampton	10.4	10.7	13.7	14.9	10.6	12.6	7.6	12.4	9.8	7.9	9.4	11.4	10.7	12.1

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

AVERAGE WEEKLY EARNINGS

1985

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Mining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$1214.22	[illegible]	[illegible]	[illegible]	$1240.28	$1209.74	$1224.70
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1081.14	[illegible]	[illegible]	[illegible]	962.36	1017.18
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	547.34	[illegible]	[illegible]	473.02	[illegible]	496.13
Food & Kindred Prod	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	339.18
Lumber & Paper Prd	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	684.48
Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	594.02	[illegible]	582.38
Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	394.46
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Retail Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance Ins. & R.E.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE HOURLY EARNINGS

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Mining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Food & Kindred Prod	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lumber & Paper Prd	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trans. Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Retail Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance Ins. & R.E.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE WEEKLY HOURS
1985

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
Mining	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	51.5	51.2
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	39.8	42.4
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	38.8	40.7
Food & Kindred Prod.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	34.6	38.6
Lumber & Paper Prd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	41.7	45.6
Trans., Comm. & Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	36.8	32.5
Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.4	33.6
Wholesale	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	37.4
Retail Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.1	32.4
Finance, Ins. & R.E.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	37.1	35.8

Alaska

By John Boucher

Annual Average CPIs

The Consumer Price Index (CPI) is the most frequently used statistic among the thousands generated by the federal government. It is widely accepted as the most accurate measure of the change in the average consumers 'cost of living'. As such, it is commonly used as an escalator in contracts, leases, and government entitlement programs. The release of the annual average CPI is generally a high interest event because of the monetary implications it carries.

The CPI for Anchorage is produced only in the odd numbered months during the calendar year. No CPI is produced for any other community or area within Alaska. The annual average percentage change in the CPI is the best available measurement of price change because it takes into account an entire year of price data. We discourage the use of anything but the annual percentage change in the CPI because of the fluctuations that tend to occur when using a comparison of the current year's bimonthly data to the data from the same period of the previous year. Using a comparison between bimonthly periods to measure the annual change in prices has some serious methodological flaws. For a discussion on the proper use of the CPI please refer to the October 1984 issue of *Alaska Economic Trends* or Chapter VIII of the February 1986 *Alaska Planning Information*.

There are two CPIs published by the Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers (CPI-U), and the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). These two CPI's are based upon different 'market baskets' of goods and are therefore separate measurements. The CPI-U is generally more widely used because it approximates the buying habits of 80% of the population while the CPI-W approximates the buying patterns of 40% of the population.

One final note that is of importance to regular users of the Anchorage CPI. Beginning in January of 1987 the BLS is planning to discontinue publishing the Anchorage CPI bimonthly. Due to budgetary constraints as well as sample requirements, the CPI for Anchorage will only be published twice yearly beginning in January 1987. For further information on the CPI contact the following address:

Alaska Department of Labor
Research & Analysis - LMI
PO Box 25501
Juneau, AK 99802-5501

The Anchorage CPI-U increased by 2.4% on an annual average basis during 1985. Anchorage's CPI-U increase compared favorably to the increase in the U.S. Cities' average which was 3.6% for 1985. The Anchorage CPI-W experienced a slightly higher increase in 1985 than the CPI-U, increasing at a 2.9% rate. The Anchorage CPI-W was also less than the comparable national rate, which was 3.5% for 1985. Following is a table tracking the changes in the CPI-U in Anchorage and the U.S. since 1980.

Anchorage and U.S. Cities CPI-U Since 1980

	Anchorage		U.S. Cities	
Year	Index Number	Percent Change	Index Number	Percent Change
1980	228.2	10.2%	246.8	13.5%
1981	246.5	8.0%	272.4	10.4%
1982	260.2	5.6%	289.1	6.1%
1983	264.7	1.7%	298.4	3.2%
1984	275.6	4.1%	311.1	4.3%
1985	282.3	2.4%	322.2%	3.6%

Current Trends

The unemployment rate for the state increased one and three-tenths percentage points in the month of January to 11.5%. (see center insert) January and February tend to have the highest rates of unemployment according to historical patterns and although the unemployment increase was high it compares favorably to three of the last five January unemployment rates. Layoffs in the construction and retail trade industries generally occur right after the Christmas holiday and that tends to drive the rate of unemployment up. The retail trade and construction industries each lost 2,100 jobs from January to December which conforms to this historical pattern.

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	P/ 1/86	R/ 12/85	1/85	Changes From: 12/85	1/85
Nonag. Wage & Salary	217700	220200	213800	-2500	3900
Mining	9100	9100	8800	0	300
Construction	12800	14900	14300	-2100	-1600
Manufacturing	7400	8000	6900	-600	500
Food & Kindred Prod.	2500	2800	2200	-300	300
Lumber & Paper Prod.	1500	1700	1500	-200	0
All Other Mfg.	3400	3300	3200	100	200
Trans. Comm. & Utilities	17600	16900	17500	700	100
Trucking & Wheeling	2000	2100	2200	-100	-200
Water Transportation	900	[illegible]	1000	300	100
Air Transportation	5800	5900	5300	-100	500
Other Trans. Comm. & Utilities	6900	6700	6800	200	100
Trade	44900	47000	43200	-2100	1700
Wholesale	8500	8500	8400	0	100
Retail	36400	38500	34800	-2100	1600
Gen. Mer. & Apparel	5400	6000	5100	-600	300
Food Stores	6000	6300	5700	-300	300
Eating & Drinking Pl.	12900	13600	11900	-700	1000
Other Retail Trade	12100	12600	12100	-500	0
Finance Ins. & R.E.	12700	12700	12200	0	500
Services & Misc.	44400	45000	43300	-600	1100
Government	68100	69500	66900	-1400	1200
Federal	17700	17900	17000	-200	700
State	19300	20200	19500	-900	-200
Local	31100	31500	30400	-400	700

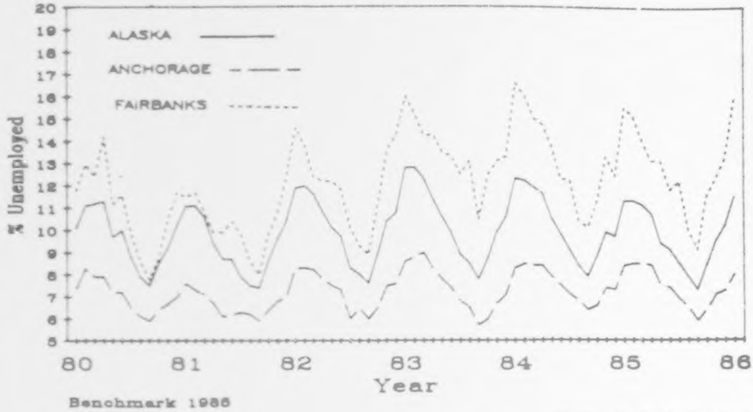
Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools and personnel employed by the University of Alaska.

Benchmark Date March 1985

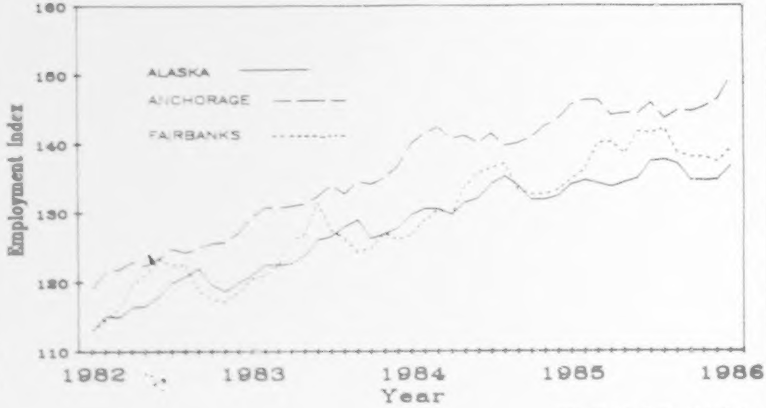
P/ Denotes Preliminary Estimates
R/ Denotes Revised Estimates

UNEMPLOYMENT RATES
NOT SEASONALLY ADJUSTED
1980 to Present



source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage/MatSu

By Greg Huff

Charactertistics of Anchorage's Unemployed

In 1985 over $37 million in unemployment compensation was distributed to qualified Anchorage unemployed workers. This equates to an average weekly payment of $160.07 per claimant for an average 15.5 week duration. However, not all unemployment insurance claimants receive the same size unemployment check nor do they collect unemployment compensation for the same length of time. The weekly benefit amount is determined by the worker's previous earnings and the number of dependents. The greater the earnings, and the greater the number of dependents, the larger the payments. The smallest weekly unemployment check is $38 and the maximum is $188 with an additional $24 per dependent, up to three dependents.

The maximum time allowed for receiving regular benefits is 26 weeks while an additional 13 weeks of extended benefits may be received depending upon past record of earnings, length of employment, and Alaska's insured unemployment rate. Extended benefits in 1985 were in effect when Alaska's insured unemployment rate rose above 6.0%, which was most of the year. Only during the late summer months did the rate fall below this threshold.

Anchorage accounted for 28% of total unemployment compensation distributed in Alaska during 1985. This figure, when compared to Anchorage's proportion of total statewide employment of nearly 50%, illustrates Anchorage's relative advantage for employment opportunities over most other labor markets areas within the state.

In 1985 about 85% of the estimated number of unemployed in Alaska were covered by the Unemployment Insurance (UI) program. The unemployed persons excluded from coverage are those not covered by the program, new entrants and reentrants to the labor force, and unemployed workers who have exhausted their benefits without having returned to work. In addition, people occasionally fail to file for benefits they were entitled to collect. The largest group of workers not covered under the plan are self-employed persons, fully commissioned salespersons, fishermen, agricultural workers and elected and appointed officials.

Industry Characteristics

Former employees of the construction industry accounted for over 31% of all UI claimants in 1985, receiving $103 million in UI benefits. This

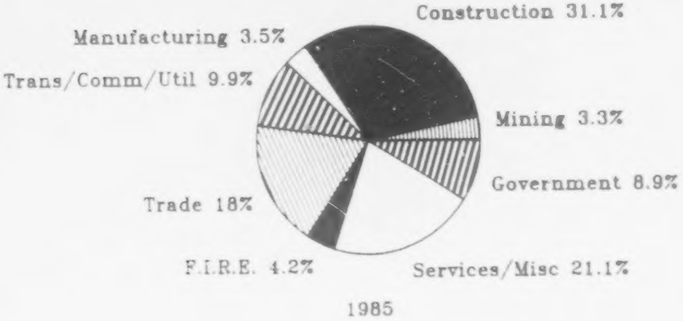
Labor Force By Region and Census Area

	Labor Force P/ 1/86	Labor Force R/ 12/85	Labor Force 1/85	Unemployment P/ 1/86	Unemployment R/ 12/85	Unemployment 1/85	Rate P/ 1/86	Rate R/ 12/85	Rate 1/85	Employment P/ 1/86	Employment R/ 12/85	Employment 1/85
Alaska Statewide	243577	247995	236236	27926	25228	26778	11.5	10.2	11.3	215651	222767	209458
Anch-MatSu Region	133313	135518	129433	12266	11254	12216	9.2	8.3	9.4	121047	124264	117217
Anchorage Borough	116375	118616	113200	9315	8710	9527	8.0	7.3	8.4	107060	109906	103673
MatSu Borough	16938	16902	16233	2951	2544	2689	17.4	15.1	16.6	13987	14358	13544
Gulf Coast Region	24842	25971	23378	3893	3750	3356	15.7	14.4	14.4	20949	22221	20022
Kenai Peninsula Bor	15809	16375	14759	2851	2631	2375	18.0	16.1	16.1	12958	13744	12384
Kodiak Island Bor	5546	5955	5333	493	596	504	8.9	10.0	9.5	5053	5359	4829
Valdez-Cordova	3487	3641	3286	549	523	477	15.7	14.4	14.5	2938	3118	2809
Interior Region	36933	37221	36143	5730	4771	5414	15.5	12.8	15.0	31203	32450	30729
Fairbanks North Star Borough	30029	30213	29380	4814	3990	4547	16.0	13.2	15.5	25215	26223	24833
Southeast Fairbanks	2953	2958	2894	405	309	386	13.7	10.4	13.3	2547	2649	2508
Yukon-Koyukuk	3952	4050	3869	511	472	481	12.9	11.7	12.4	3441	3578	3388
Northern Region	7695	8032	7754	814	803	679	10.6	10.0	8.8	6881	7229	7075
Kobuk	2398	2495	2430	245	233	216	10.2	9.3	8.9	2153	2262	2214
Nome	3259	3350	3297	387	332	344	11.9	9.9	10.4	2872	3018	2953
North Slope Borough	2038	2187	2027	182	238	119	8.9	10.9	5.9	1856	1949	1908
Southeast Region	30949	31251	30181	4281	3764	4300	13.8	12.0	14.2	26668	27487	25881
Haines Borough	1018	1000	1026	186	143	219	18.3	14.3	21.3	832	857	807
Juneau Borough	11892	12145	11479	1344	1273	1242	11.3	10.5	10.8	10548	10872	10237
Ketchikan Gateway Bor	6609	6646	6505	931	794	995	14.1	11.9	15.3	5678	5852	5510
Prince of Wales-Outer Ketchikan	2370	2351	2312	433	354	432	18.3	15.1	18.7	1937	1997	1880
Sitka Borough	3750	3826	3621	448	423	417	11.9	11.1	11.5	3302	3403	3204
Skagway-Yakutat-Angoon	1926	1865	1942	375	266	436	19.5	14.3	22.5	1551	1599	1506
Wrangell-Petersburg	3384	3418	3295	564	511	559	16.7	15.0	17.0	2820	2907	2737
Southwest Region	9845	10002	9347	942	886	813	9.6	8.9	8.7	8903	9116	8534
Aleutian Islands	2250	2316	2159	74	88	73	3.3	3.8	3.4	2176	2228	2086
Bethel	3865	3969	3657	412	433	347	10.7	10.9	9.5	3453	3536	3310
Bristol Bay Borough	404	389	384	58	35	53	14.4	9.0	13.8	346	354	331
Dillingham	1736	1719	1656	201	147	185	11.6	8.6	11.2	1535	1572	1471
Wade Hampton	1590	1609	1491	197	183	155	12.4	11.4	10.4	1393	1426	1336

P/ Preliminary R/ Revised 1985 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Anchorage Unemployment Insurance Claimants
Industry Characteristics



industry produced the largest group of unemployed workers claiming UI benefits. The construction industry's share of total employment in 1985 was less than 9.0%, but due to the extreme seasonal and cyclical nature of the industry, it had a disproportionate number of workers collecting unemployment benefits.

On the other end of the scale, government workers accounted for 8.9% of the claimants and benefits paid, while representing 23% of total Anchorage employment, illustrating government's stable employment characteristics. The distribution of claimants from other industries were at nearly the same proportions as their employment share.

Claimants last employed in the transportation, communications and utilities sector received the highest benefit amount averaging $2,342 per claimant compared to $1,886 for the overall average and $1,885 for construction workers. This greater average benefit is a result of higher average earnings and more stable work history.

Occupational Characteristics

The construction industry is again proportionately overrepresented in the occupational categories of the unemployed. The majority of construction workers are classified as structural workers, and out of the total number of claimants, 33.6% were contained in this category. The next largest group of claimants were from the clerical and professional/technical/management occupational categories respectively. Although the shares are large, they represent a smaller proportion

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	P/ 1/86	R/ 12/85	1/85	Changes From: 12/85	Changes From: 1/85
Nonag. Wage & Salary	112000	114300	108850	-2300	3150
Mining	4300	4000	4100	300	200
Construction	6450	7300	7500	-850	-1050
Manufacturing	2250	2600	2200	-350	50
Food & Kindred Prod	250	500	250	-250	0
Other Mfg	2000	2100	1950	-100	50
Trans. Comm. & Utilities	9450	9650	8950	-200	500
Trucking & Whseing	1100	1200	1150	-100	-50
Water Transportation	300	300	300	0	0
Air Transportation	3650	3800	3100	-150	550
Other Trans. Comm & Utilities	4400	4350	4400	50	0
Trade	27750	28950	26200	-1200	1550
Wholesale	6400	6500	6350	-100	50
Retail	21350	22450	19850	-1100	1500
Gen. Merchandise	2000	2250	1700	-250	300
Food Stores	3050	3300	2900	250	150
Eating & Drinking Pl	7850	8350	7300	-500	550
Other Retail Trade	8450	8550	7950	-100	500
Finance-Ins. & R.E.	8550	8550	8350	0	200
Services & Misc	26850	26400	25800	450	1050
Government	26400	26850	25750	-450	650
Federal	9800	9850	9750	-50	50
State	6950	7450	6900	-500	50
Local	9850	9550	9100	100	550

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

	P/ 1/86	R/ 12/85	1/85	Changes From: 12/85	Changes From: 1/85
Nonag. Wage & Salary	119400	122300	115500	-2900	3900
Mining	4300	4000	4100	300	200
Construction	7000	7950	8100	-950	-1100
Manufacturing	2350	2700	2300	-350	50
Trans. Comm. & Utilities	10150	10350	9550	-200	600
Trade	29650	31000	27750	-1350	1900
Finance-Ins. & R.E.	9050	9050	8900	0	150
Services & Misc	28000	27750	26950	300	1100
Government	28850	29500	27850	-650	1000

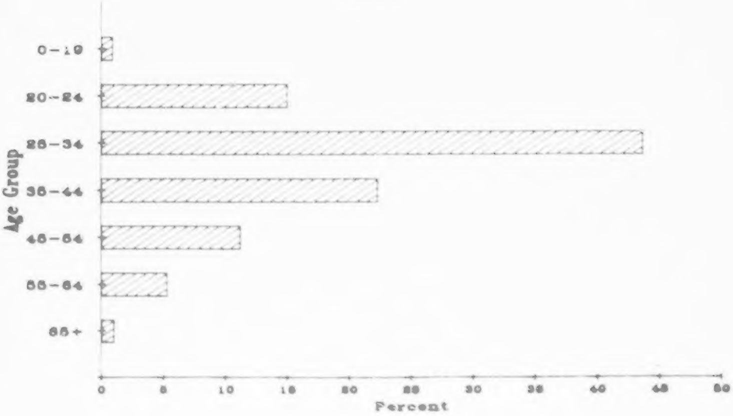
of U.I. claimants than the proportion they represent of total employment.

Sex and Age Characteristics

Anchorage unemployment insurance claimants in 1985 were, as has been the historical case, predominantly male. Although men represent 52% of the labor force they represent 70% of all UI claims. Men tend to dominate occupations and industries with greater seasonal and cyclical influences. For example, 96% of the claimants with occupations in construction were men.

Nearly 43.5% of all Anchorage UI claimants in 1985 were between 24 and 34 years old although they represent only 36% of the total labor force. This group of workers tend (particularly those in the lower age group) to be less attached to the labor force than older workers and therefore experience more unemployment. Generally, younger workers have less experience and seniority, hence they are the first to go during layoffs. The workers younger than 24 usually has even less experience and seniority and therefore are even more susceptible to unemployment, but in many cases they do not qualify for unemployment benefits because a large proportion are students who do not qualify to receive UI benefits.

Anchorage Unemployment Insurance Claimants
Age Characteristics
1985



The average total benefits received also vary according to age. Generally the older the worker the greater the unemployment payments. This is due to longer work history, greater earnings and more dependents. For example workers 19 to 24 years old received an average of $1,388 in total benefits in 1984, while workers 25 to 34 years old received $1,860 and workers 35 to 44 years old $2,098. However, claimants older than 55 received less than the lower age category ($1,904) reflecting the decline in the number of dependents.

Anchorage Current Trends

In January seasonally induced layoffs are at a peak. Construction employment continues to fall from the seasons high, large layoffs occur in the retail trade sectors due to the passing of the Christmas buying season, and many are temporarily laid off from the state education system (University of Alaska - Anchorage and Anchorage Community College) during the Christmas and New Year break.

The unemployment rate rose from 7.3% in December to 8.0% in January. However, the January 1986 rate is lower than the year ago January rate of 8.4%. This can be attributed to the total number of unemployed being slightly less than last years total due to laid off workers leaving the Alaska job market.

Fairbanks/Interior

By Neal Fried

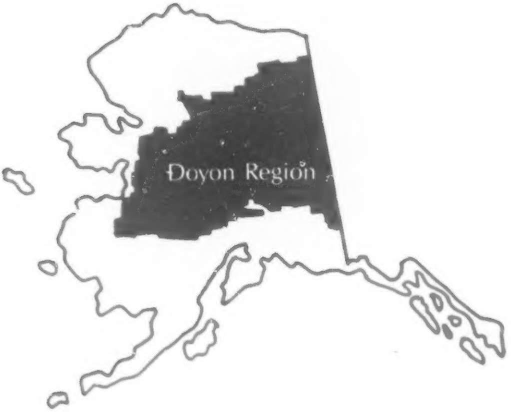
Unemployment in the Doyon Region

In 1985, $3.5 million in unemployment insurance benefits was paid to unemployment claimants in the Doyon region. The Doyon region as defined in this article excludes Fairbanks. For information on Fairbanks see the February issue of *Alaska Economic Trends*. In this article we will discuss some of the characteristics of the region's unemployment claimants.

Background

Before discussing unemployment insurance claimant characteristics, it should be made clear that not all of the unemployed in the Doyon region qualify as unemployment insurance claimants. To be eligible for unemployment insurance, a person must be covered by the state unemployment insurance program. Ninety-nine percent of today's employees working for wages and salaries are covered.

The largest group not covered in the region are the self-employed. Others not covered are fishermen, fully commissioned salespersons, domestic workers, and elected and appointed officials. Another group not included in these statistics are unemployed persons no longer receiving benefits and discouraged workers. Discouraged workers are people not attempting to find work because they believe there is none available and therefore are not counted as unemployed. To be considered unemployed, a person must be actively seeking work. This group is probably significant because the number of discouraged workers is estimated to be large in Alaska's rural areas.



Unemployment insurance claimants do not all receive the same amount of UI benefits nor do they collect unemployment compensation for the same length of time. The weekly benefit amount is determined by the worker's previous earnings. The smallest weekly unemployment check is $38 and the maximum is $188. An additional $24 per dependent up to three dependents can be added to this weekly benefit amount. Therefore, the maximum weekly unemployment check a worker can possibly receive is $260.

The length of time an individual can collect unemployment benefits is determined by the steadiness of the claimant's previous work history. The duration of benefits ranges from 16 to 26 weeks. The extended benefit program can lengthen the duration of unemployment benefits up to a maximum of 13 additional weeks.

Doyon's Experience

Average unemployment check and benefit duration in the Doyon region is far from the maximum. The Doyon claimant's average unemployment check was $140 and the average duration was 16 weeks. Statewide the average unemployment check was $154 and duration was 15 weeks. Because unemployment insurance claimants do not earn enough nor work steadily enough to receive the maximum benefits, or because the claimant finds new employment before their benefits run out, individuals usually receive less benefits than the maximum.

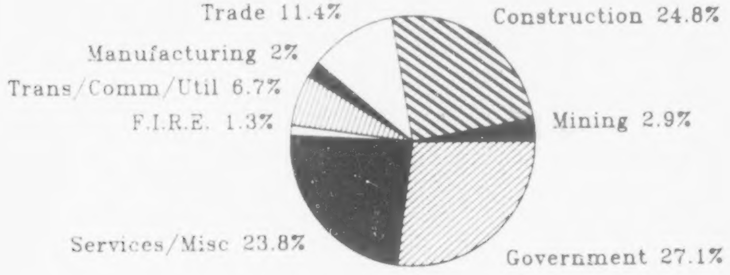
Sex and Age Characteristics

Seventy-two percent of all unemployment claimants were men and more than 50% were 34 years of age or younger. Initially these results were surprising, but not when one considers the kind of work in which men and younger workers are concentrated in is considered. Men dominate seasonal industries such as construction. Women tend to concentrate in more stable industries and occupations. The younger worker is also more highly concentrated in the seasonal industries. Younger workers tend to change jobs more often and have more difficulty finding work because they have less experience. The younger worker, because of lack of seniority, usually gets laid off first if a reduction in employment occurs.

Industry and Occupational Characteristics

Unlike most areas of the state, government was the last employer for the largest number of workers who had been laid off. Government is typically cited as an example of stable, nonseasonal, noncyclical employment, and in most cases this is a well-earned reputation.

Doyon Region
Unemployment Insurance Claimants
Industry Characteristics



1985

However, in many of Alaska's smaller communities, government has become a major employer of construction crews as a result of large state capital budgets and local government assistance. This means the Doyon region's government sector has been affected by the seasonality and cyclical nature of construction. In spite of this, government remains underrepresented, for this industry employs 56% of the Doyon region's wage and salary employment but only represents 27% of the unemployed. In the occupational categories, construction occupations represented 46% of the unemployed.

The service industry was also represented by a large share of the unemployment claimants. The service industry employs 8% of the area's wage and salary work force. One sector which contributes to the service industry's share of the unemployed is tourism. The service sector is heavily reliant on tourism, a seasonal activity. Most of the remaining occupational and industry categories are relatively underrepresented among unemployment insurance claimants. The remaining industries and occupations tend to be less seasonal than construction, and therefore experience lower rates of unemployment.

Summary

The 'typical' unemployment claimant could be characterized as a young male construction worker; however, unemployment leaves no industry or occupation untouched. In a region where employment is scarce and extremely seasonal, unemployment insurance has made it easier for individuals to tide themselves over during these periods of unemployment. This income provides more economic stability to the region.

Current Trends

Fairbanks' wage and salary employment fell in January responding to seasonal factors. Construction employment continued its decline; retail establishments reduced their workforce after the peak Christmas season; the finance, insurance and real estate and services industries experienced lower employment levels, and the University of Alaska employees were laid off temporarily during the Christmas and New Year break.

When workers are laid off the unemployment rate rises. In January, Fairbanks' rate rose 2.8 percentage points to 16.0%, among the highest in the state and .5 percentage points above last January's rate. In all, out of the labor force of 30,000, over 4,800 workers were unemployed and actively seeking work in January, nearly 300 workers more than last year.

On the bright side, Fairbanks wage and salary employment continued to grow. Compared to January 1985 levels, employment is up 2.8%. Included in the employment gains were all major sectors of Fairbanks' economy except air transportation. Even construction showed some over the year employment increases.

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	P/ 1/86	R/ 12/85	1/85	Changes From: 12/85	Changes From: 1/85
Nonag. Wage & Salary	27150	27950	26400	-800	750
Mining	150	150	150	0	0
Construction	1850	2000	1750	-150	100
Manufacturing	500	550	500	-50	0
Trans. Comm. & Utilities	2750	2700	2800	50	-50
Trucking & Warehousing	500	450	500	50	0
Air Transportation	850	850	900	0	-50
Other Trans. Comm. & Utilities	1400	1400	1400	0	0
Trade	5850	6050	5600	-200	250
Wholesale	1000	1000	1000	0	0
Retail	4850	5050	4600	-200	250
Gen. Mer. & Apparel	550	600	550	-50	0
Food Stores	750	750	700	0	50
Other Retail Trade	3550	3700	3350	-150	200
Finance-Ins. & R.E.	1000	1050	950	-50	50
Services & Misc.	5600	5700	5500	-100	100
Government	9450	9750	9150	-300	300
Federal	2650	2650	2450	0	200
State	3900	4200	3850	-300	50
Local	2900	2900	2850	0	50

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	P/ 1/86	R/ 12/85	1/85	Changes From: 12/85	Changes From: 1/85
Nonag. Wage & Salary	30550	31750	30050	-1200	500
Mining	250	300	250	-50	0
Construction	1900	2100	1850	-200	50
Manufacturing	550	550	500	0	50
Trans. Comm. & Utilities	3050	3050	3100	0	-50
Trade	6150	6450	6000	-300	150
Finance-Ins. & R.E.	1050	1100	1000	-50	50
Services & Misc.	5850	5950	5750	-100	100
Government	11750	12250	11600	-500	150

Gulf Coast

By Neal Fried

Unemployment on the Kenai Peninsula

January's unemployment rate was 18.0% for the Kenai Peninsula. The rate tells us that unemployment is high on the Peninsula and that the job market is extremely competitive, but it does not tell us much about the unemployed. In the following article we will identify the industries with the greatest unemployment, how long on average they remained unemployed, the major occupational and sex characteristics, the size of unemployment checks and the total amount of unemployment dollars that flowed into the Kenai Peninsula Borough during 1985.

Background

Not all workers are eligible for unemployment insurance (UI) benefits when they lose their jobs. To be eligible for benefits a worker must be covered by the unemployment insurance program. Ninety-nine percent of today's wage and salary work force is covered. The largest groups on the Kenai Peninsula not covered by the program are the self-employed and fishermen. Others not covered are fully commissioned salespersons, domestic workers, agricultural workers and elected and appointed officials. Since the inception of the unemployment insurance program in Alaska in 1937, an increasing share of Alaska's labor force has been covered. Approximately 85% of the state's labor force is presently covered.

Unemployment insurance claimants don't receive the same amount of UI benefits on their unemployment check nor do they collect unemployment compensation for the same length of time. The weekly benefit amount is determined by previous earnings. The smallest weekly unemployment check is $38 and the maximum is $188. An additional $24 per dependent up to three dependents can be added to this weekly benefit amount. Therefore the maximum weekly unemployment check a worker can receive is $260.

The duration of benefits is determined by the claimant's previous work history. The duration of benefits ranges from 16 to 26 weeks. The extended benefit program can extend unemployment benefits up to a maximum of 13 additional weeks.

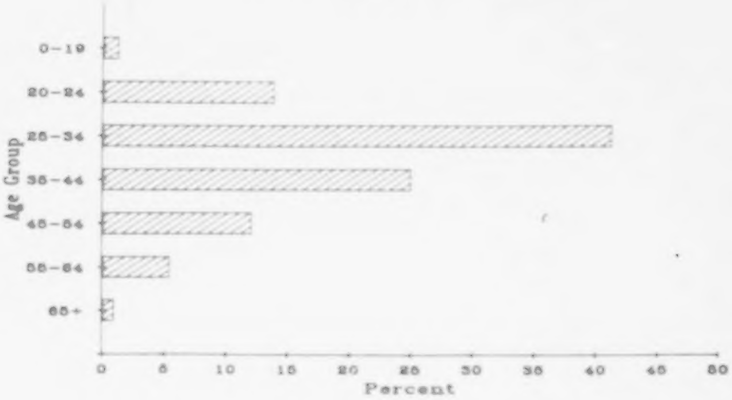
Kenai Peninsula's Experience

Neither the Peninsula claimant's average weekly unemployment check nor duration of benefits came close to the maximum. The average regular weekly unemployment check on the Peninsula in 1985 was $148 and the duration was 15 weeks. Both of these figures were close to the statewide average. Peninsula residents represented 7% of all claimants statewide which is slightly larger than the Peninsula's share of wage and salary employment (6%). In 1985 $8.8 million was paid in unemployment insurance benefits to Kenai Peninsula residents. A total of $132 million was paid statewide.

Sex Characteristics

Though women make up more than 37% of the Peninsula's labor force, 70% of all unemployment insurance claimants were men. This is because men dominate seasonal and cyclical industries such as construction where a disproportionate number of unemployment insurance claimants worked before losing their jobs. Women tend to be concentrated in stable occupational areas such as clerical, sales, managerial and professional categories.

Kenai Peninsula Borough
Unemployment Insurance Claimants
Age Characteristics
1985



Age Characteristics

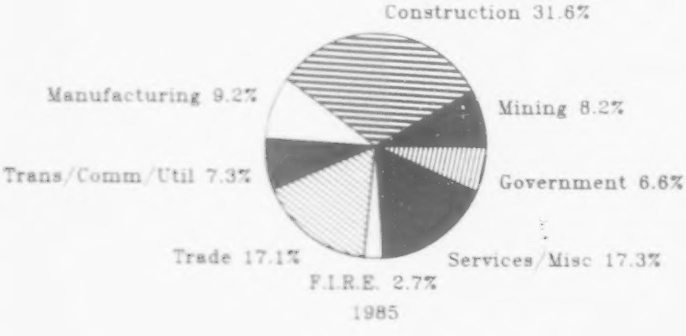
Kenai Peninsula's unemployment claimants are young, with 56% of them under 35. This comes as no surprise considering younger workers tend to be more highly concentrated in those industries such as construction and fish processing (manufacturing) which experience higher rates of unemployment. Younger workers also tend to be less attached to the labor force because they change their jobs more often than the older worker. The younger workers also have less seniority, and during a period of layoffs, are often the first to go. The very young workers also have less work experience and therefore find it more difficult to find a new job.

Industry Characteristics

Though only 10% of the Peninsula's wage and salary work force is employed in the construction industry, 32% of the unemployment claimants were employed in this industry before losing their jobs. Construction is disproportionately represented because of its seasonal and cyclical nature. The number of workers employed in this industry on the Peninsula can more than double over a one year period.

Surprisingly, another of the Peninsula's extremely seasonal industries, fish processing, is not overrepresented. Nine percent of the Peninsula's wage and salary employment are fish processing workers but only seven percent of the unemployment claimants were previously employed in this industry. This phenomenon exists because many of the fish processing workers leave the area when they become unemployed. They may be collecting unemployment insurance against wages they earned on the Peninsula in this industry, but they are collecting it elsewhere in the state or country.

Kenai Peninsula Borough
Unemployment Insurance Claimants
Industry Characteristics



Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	P/ 1/86	R/ 12/85	1/85	Changes From: 12/85	 1/85
Nonag. Wage & Salary	18500	19600	17600	-1100	900
Mining	750	800	700	-50	50
Construction	1500	1850	1400	-350	100
Manufacturing	1700	1950	1350	-250	350
Food & Kindred Prod.	1050	1300	750	-250	300
All Other Mfg.	650	650	600	0	50
Trans. Comm. & Utilities	1750	1750	1750	0	0
Trade	3700	3850	3450	-150	250
Wholesale	500	500	500	0	0
Retail	3200	3350	2950	-150	250
Finance-Ins. & R.E.	600	650	600	-50	0
Services & Misc.	3050	3150	2850	-100	200
Government	5450	5600	5500	-150	-50
Federal	500	550	500	-50	0
State	1450	1550	1500	-100	-50
Local	3500	3500	3500	0	0

One industry disproportionately underrepresented is government. Though government employs 23% of the Peninsula's wage and salary work force, only 9% of the unemployment claimants were previously employed in government, an indicator of a less seasonal and more stable employer.

Occupational Characteristics

The occupational data closely correlates to the industry data. Occupations in construction (structural) leads with 42% of the claimants. Most of the other categories are representative of that industry's share of the labor force.

Current Trends

Wage and salary employment in the Gulf Coast Region fell 1,100 jobs in January. Typically, January is a month with a large number of seasonal layoffs. All industries adjust employment levels to the slower economic period of the winter months. The retail industry reduces their staffing levels after the Christmas buying season and state government temporarily lays off education employees during the Christmas and New Year break.

As workers are laid off, the unemployment rate rises. The region's rate in January rose to 15.7%, 1.3 percentage points above the month-ago and year-ago rates. Despite the rather gloomy unemployment rates, the overall state of the region's economy is good. Wage and salary employment is 900 or 5.1% above last January's levels with most sectors experiencing over-the-year gains.

Southeast Alaska

By John Boucher

1985: The Year In Review

For the second consecutive year, Southeast Alaska posted employment growth of slightly more than one half of one percentage point, continuing a recent pattern for Southeast Alaska. Nineteen eighty-five was an interesting year for the Southeast economy. While the low growth rate of 1984 was due to large movements within various industries offsetting one another, 1985's low growth rate was due to moderation of growth or declines in most industries. The rapidly contracting construction industry was the largest reason that employment growth within the region was not stronger.

Construction

The construction industry experienced the only dramatic over the year change in employment, dropping 9.0% during the year. The 9.0% drop comes on the heels of a 10.1% drop that occurred in 1984, which meant that on an annual average basis, the Southeast Alaska construction industry has lost more than 350 jobs since it hit its peak in 1983. To put 1985 into an historical perspective, it was the third highest year for construction employment in the region ever, and at 5.7% of the total employment in the region, it represents a more sustainable level of construction related activity than the peak in 1983 represented.

**Construction and Southeast Employment
1980-1985**

	Const.	Total Nonag.	Const. % of Total
1980	1212	26710	4.5%
1981	1428	27267	5.2%
1982	1514	27884	5.4%
1983	2017	28706	7.0%
1984	1814	28875	6.3%
1985	1651	29508	5.7%

Manufacturing

Perhaps the most encouraging and surprising industry in Southeast Alaska in 1985 was manufacturing. After posting five straight years of declining employment, manufacturing held steady during 1985. The lumber and paper products sector, which has been the primary cause for the erosion of manufacturing employment during the past five years, remained stable during the year, the first time that the industry has been able to maintain the previous years level of employment since 1980. The food and kindred products sector enjoyed another strong salmon season but overall employment in seafood processing did not change dramatically. The other manufacturing category of the industry, which is primarily composed of newspaper and printing firms, showed little change during the year.

Transportation, Communication & Utilities

The transportation industry reversed a three year decline in 1985 as employment increased 2.5%. Three of the four sectors of the industry had steady over-the-year employment except for the other transportation sector, which increased 10.5%. This sector of the industry is dominated by ground transportation such as busses and other local passenger transportation. The introduction of a new bus company which competed for the summer tourist market was the single largest factor in this increase.

Trade, Services

For the past five years these two industry categories have made solid gains in employment growth, being among the leaders in annual employment growth in all five years. That changed in 1985 as trade employment, largely due to a decline in retail trade employment, experienced a 1.4% loss in employment during 1985. Services employment also experienced a contraction. This was due to the regions slowdown in income growth and an overly optimistic expansion of the retail sector in Juneau following the capital move vote.

Finance, Insurance & Real Estate and Government

By percentage, the finance, insurance and real estate sector was the region's strongest growth industries among the major industry groups. Government produced the highest number of additional jobs in Southeast during the year. The finance, insurance and real estate sector was buoyed by improved employment in Native corporations, as well as increases in the financial sector of the industry, which includes banks and credit unions. Government employment increases were due largely to increases in local government employment, predominantly in education.

Current Trends

Southeast Alaska wage and salary employment decreased by 600 jobs in the month of January to 26,800 the decline was spread across all industries with the lone employment gainer being government em-

Southeast Alaska
Nonagricultural Wage and Salary Employment 1/
1984-1985

	1984	1985	Number Change	Percent Change
Nonag. Wage and Salary	28875	29058	183	0.6%
Construction	1814	1651	-163	-9.0%
Building Construction	528	470	-58	-11.0%
Heavy Construction	531	482	-49	-9.2%
Special Trades Const	755	699	-56	-7.4%
Manufacturing	3008	3031	23	0.7%
Food & Kindred Products	871	907	36	4.1%
Lumber & Paper Products	1908	1910	2	0.1%
All Other Manufacturing	229	215	-14	-6.1%
Trans. Comm & Utilities	1950	1999	49	2.5%
Air Transportation	469	464	-5	-1.1%
Water Transportation	452	452	0	0.0%
Communications & Utilities	639	642	3	0.5%
Other Trans. Comm & Utils	391	432	41	10.5%
Trade	4576	4514	-52	-1.4%
Wholesale Trade	384	383	-1	-0.2%
Retail Trade	4192	4131	-61	-1.5%
Food Stores	838	845	7	0.8%
Eating & Drinking Places	1243	1306	63	5.1%
Other Retail Trade	2112	1979	-133	-6.3%
Finance-Ins. & Real Estate	1047	1120	73	7.0%
Mining. Services & Misc.	4544	4505	-39	-0.8%
Mining	35	45	10	28.6%
Hotel, Motel	775	848	73	9.4%
Medical Services	775	774	-1	0.1%
Other Services	2959	2838	-121	-4.1%
Government	11935	12237	302	2.5%
Federal	2087	2057	-30	-3.5%
State	5461	5529	68	1.2%
Local	4388	4651	263	6.0%

Industry subtotals may not add due to rounding.

1/ 1985 annual average based on 6 months of actual data and 6 months of estimated data.

ployment. Construction employment was the largest employment loser, losing 350 jobs over the month. The unemployment rate continued to increase, rising to 13.8% in January. Last January the unemployment rate was 14.2%

Errata

Last month in this section of *Alaska Economic Trends* it was erroneously reported that the Louisiana-Pacific pulp mill announced a protracted shutdown of their facility in Ketchikan. Currently the Louisiana-Pacific pulp mill is open and will continue to operate indefinitely. We apologize for the error.

Hours and Earnings

By Kathleen Thomas

New Procedure for Hours and Earnings

Beginning with January 1986 estimates, a new procedure will be instituted to calculate hours and earnings. Because the new methodology differs from the previously used one, a break in the data series will occur. To soften the transition, data for each month of 1985 has been calculated with the new method resulting in a one year overlap between the old and new methods (see Revised Employment, Hours and Earnings and Labor force Data, page 1 for the 1985 data). For January 1986, the new method will be used exclusively.

Data calculated by the new procedure will be more variable from month to month. The new procedure more quickly reflects changes in the sample results. Since the new method is more dependent on sample data, it will be critical for those using hours and earnings data to use the revised monthly data. Revised hours and earnings include a larger sample and therefore provide more reliable estimates.

In an effort to improve the data presented, average hourly earnings and average weekly hours for finance, insurance, and real estate are being calculated with the new method and will be available from January 1985 on. Other industries will remain unchanged.

If anyone requires additional information please contact: Alaska Department of Labor, Research and Analysis, P. O. Box 25501, Juneau, Alaska 99802-5501.

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	P/ 1/86	R/ 12/85	1/85	P/ 1/86	R/ 12/85	1/85	P/ 1/86	R/ 12/85	1/85
Mining	1186.52	1209.74	1287.44	51.7	51.5	53.2	22.95	23.49	24.20
Construction	856.53	962.36	930.63	37.6	39.8	39.4	22.78	24.18	23.62
Manufacturing	470.24	491.14	516.43	34.1	36.9	34.8	13.79	13.31	14.84
Food & Kindred Prds.	207.61	238.95	275.89	23.7	29.5	26.2	8.76	8.10	10.53
Lumber & Paper Prds.	569.65	583.40	606.21	42.6	43.7	37.1	13.38	13.35	16.34
Trans., Comm. & Utilities	572.42	564.29	538.61	36.6	36.5	36.1	15.64	15.46	14.92
Trade	393.94	384.43	384.95	33.3	33.4	33.1	11.83	11.51	11.63
Wholesale	559.49	516.23	482.06	37.6	37.3	36.3	14.88	13.84	13.28
Retail	334.54	339.62	350.72	31.8	32.1	32.0	10.52	10.58	10.96
Finance Ins. & R.E.	436.54	450.02	394.59	33.4	37.1	35.2	13.07	12.13	11.21

1/ Prepared in cooperation with the Bureau of Labor Statistics, US Department of Labor.

2/ Excludes eating and drinking establishments.

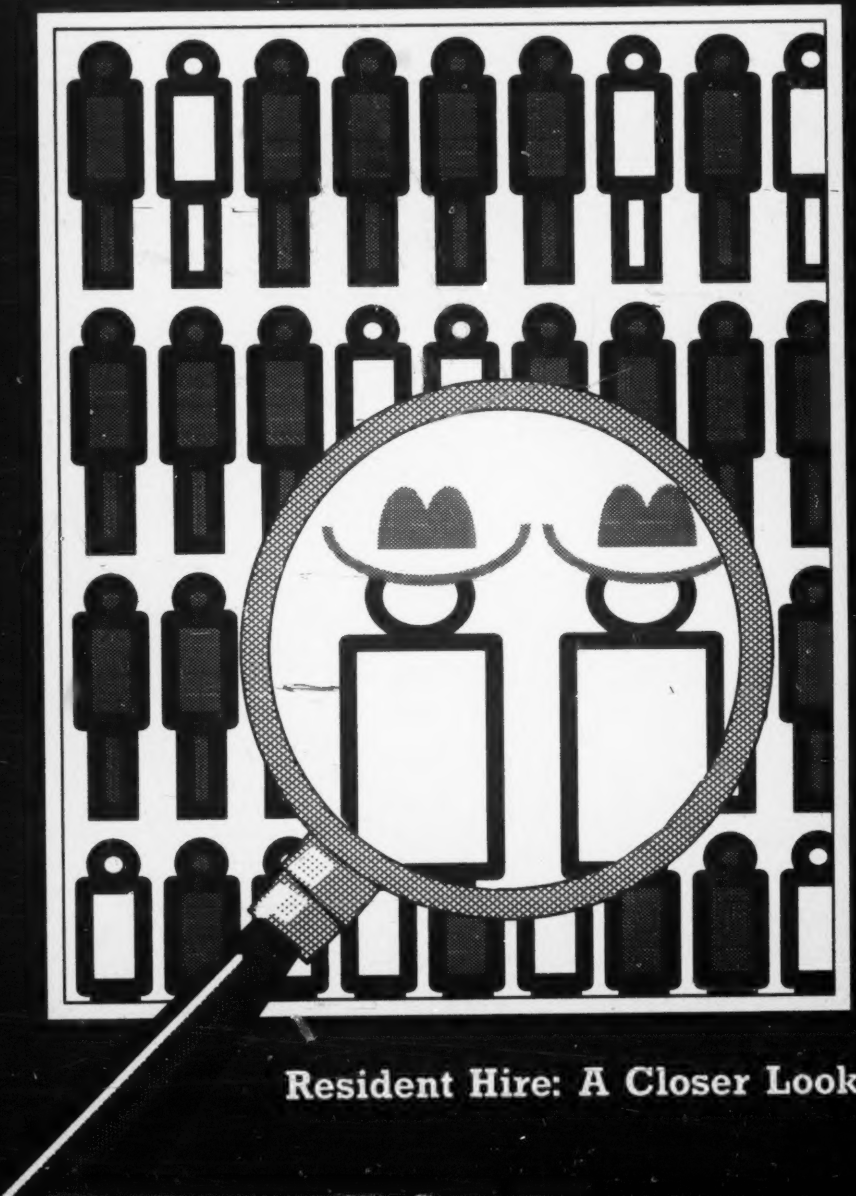
AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

5/14/86 SO320-1

APRIL 1986

ALASKA ECONOMIC TRENDS

Alaska Department of Labor   Bill Sheffield, Governor, State of Alaska



Resident Hire: A Closer Look

Alaska Economic Trends

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

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Chuck Caldwell, *Chief, Research and Analysis*
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Labor Force by Region and Census Area. . . . . Center Insert

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Research and Analysis
P.O. Box 25501
Juneau, Alaska 99802
(907) 465-4518
Toll Free Zenith 9900
Preregistration Materials Forthcoming.

The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Resident Hire: A Closer Look

By Jeff Hadland

The Alaska Department of Labor recently completed a study to determine the impact of nonresidents on Alaska's economy during 1984. The study, entitled "Nonresidents Working in Alaska", identified the number of nonresidents that worked and the total dollar volume of wages associated with these nonresident workers in 1984. Although some aspects of the study have been reported by the media, a great deal of information generated may have been overlooked by many of those who are interested in the subject. This article will highlight some of this information. In addition, the Research and Analysis section has recently examined related issues, including the occupational titles of nonresident unemployment insurance recipients, the nonresident wages going to union and nonunion construction firms, and the nonresident wages going to firms with an out-of-state business address. These findings are also reported.

Resident Hire Study Overview: Purpose and Limitations

Chapter 69, SLA 1985 (House Bill 294) amended Alaska Statute 36.10 to strengthen the State's case for preferential hire of Alaskans on state funded construction. The Alaska Department of Labor was funded to provide economic facts associated with resident and nonresident employment, especially as it concerns state funded construction. The legislature then requested that research efforts continue so as to provide a more detailed analysis of resident hire. A primary tool used to conduct the research was the Alaska Department of Revenue permanent fund dividend data base. The permanent fund dividend program provides a unique measure of residency. No other state has a program that pays each *resident* an annual dividend after providing information that includes a statement that attests to the applicant's residency and tenure in the state.

In early 1985, Research and Analysis matched the wage records of all those who earned income from wage and salary employment covered by Alaska's unemployment insurance program during 1984 with the 1984 permanent fund dividend recipient file. At that time only the 1984 permanent fund dividend recipient file was available. In order to qualify for a 1984 permanent fund dividend the recipient had to have been an Alaska resident during the period October 1, 1983 through March 31, 1984. Those permanent residents who arrived in Alaska after October 1, 1983 and then worked during 1984 were not identified as recipients in the initial cross match with the 1984 labor wage file.

To more accurately measure the number of residents, the social secu-

Summary of Findings from "Nonresident Working in Alaska - a Special Study to Measure the Economic Impact of Nonresidents of Alaska's Economy During Calender Year 1984."

- In 1984 $677 million was paid to 71,000 nonresident workers in Alaska. Twelve percent of all wages were paid to nonresidents who accounted for 22 percent of all employees.

- The average annual earnings of nonresidents was only 48 percent of that of residents of Alaska. Nonresidents did not have the same degree of attachment to the Alaska economy. Fifty-four percent of all residents worked during all four calendar quarters of 1984 while only 11 percent of nonresidents worked all four quarters.

- The seafood processing industry had the largest percent of total wages going to nonresidents. The construction industry had the largest total dollar amount going to nonresidents. More than 30 percent of all wages paid to nonresidents went to nonresidents working in the construction industry.

- Bristol Bay Borough, Aleutian Islands and Dillingham census areas had the highest percentage of nonresident earnings.

- In 1984, the number of unemployed never fell below 19,000 individuals in any month. The number of employed nonresidents was always greater than 16,000 individuals in any month.

- Alaska has unique economic conditions compared to other states. In 1984, Alaska had the highest unemployment rate in the manufacturing industry and the fifth highest overall unemployment rate.

- More than $20 million in unemployment insurance benefits were paid to nonresidents in 1984 and nearly $17 million of this was paid out of state.

- Nearly 20 percent of all unemployment insurance benefit payments made by Alaska in 1984 went to other states. This is the highest interstate percent in the nation. Fifty-eight percent of these interstate benefits went to nonresidents.

- Approximately 11,800 different individuals worked on state funded construction projects in Alaska in 1984. About 18.3 percent of all wages paid in the construction industry in 1984 are estimated to have been paid to on-site workers on state funded construction projects.

- The percentage of nonresidents working on state funded construction projects is about two-thirds the percentage of nonresidents working in the construction industry as a whole.

rity numbers of people who qualified for receipt of a dividend check for 1984 and/or 1985 were crossmatched with the 1984 labor wage file. Seventy-eight percent of all residents who worked during 1984 appeared on both the 1984 and 1985 permanent fund dividend files, 8.8 percent of all residents appeared only on the 1984 file and 13.1 percent of all residents were on the 1985 file only (new residents). It should be noted that a small number of individuals, while not recipients of either a 1984 or 1985 permanent fund dividend, are still residents.

The other major focus of the study was an examination of state funded construction. Research and Analysis created a large data base of calendar year 1984 state funded construction payrolls that are currently monitored by the Alaska Department of Labor. Relevant data from these payrolls was coded and transcribed from the raw files. This data base was then crossmatched with other related data bases (Department of Labor wage file, unemployment insurance benefits file and the permanent fund dividend file) to obtain a clearer view of the economic impact of state funded construction, and to determine how effective enforcement had been of Alaska statutes relating to resident hire on state funded construction during 1984.

In order to better understand the tables of information included in this article the following items should be kept in mind:

1) Estimates are based on the summation of individual worker earnings records. The individual worker who works for different firms in several industries will have their *total* earnings reported in the industry or area in which earnings were the greatest.

2) Individual wage information for federal workers is not reported to the Alaska Department of Labor and is excluded from this report.

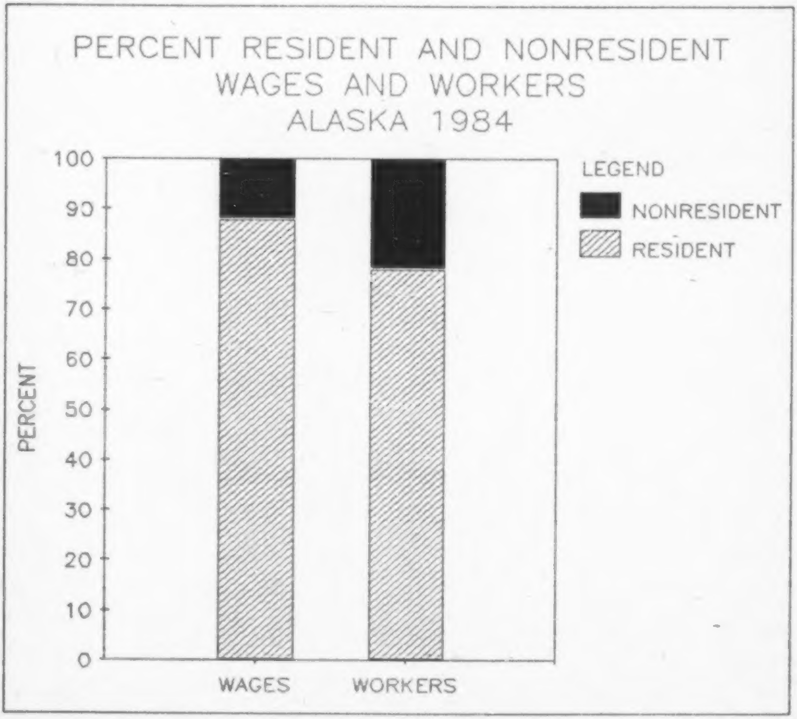
3) Counts are of employees as opposed to employment. About 70 percent more individuals work in Alaska in a year than the annual average number of jobs. This is due to individuals moving in and out of the labor market and to highly seasonal industries that have high peak employment levels with relatively low annual average employment levels.

Resident and Nonresident employees and Earnings

During 1984, over $677 million dollars in wages were paid to slightly more than 71,000 wage and salary employees identified as not being residents of the state of Alaska. These wages were paid in significant amounts during every quarter of the year, with the greatest impact occurring during the third calendar quarter of 1984. A little more than 45 percent of the nonresidents worked during only one calendar quarter of 1984. Almost 54 percent of resident Alaskans worked during all four quarters of 1984.

Table 1
Total Quarters Worked During 1984 for Residents and Nonresidents

	Residents Percent	Nonresidents Percent
One Quarter	14.4	45.4
Two Quarters	16.4	29.3
Three Quarters	15.6	14.1
Four Quarters	53.6	11.2
	100.0%	100.0%



Nonresident Wages and Employment by Industry

The heavy construction, oil and gas mining and food processing industries had the largest total dollar amount of wages paid to nonresidents in 1984. In all, about $677 million was paid to nonresident workers for all private and public sector industries, excluding the federal government and the self-employed.

Table 2
Top Ten Industries Wages Paid to Nonresidents
Alaska 1984

Standard Industrial Classification	Nonresident Wages	Rank
Heavy Construction	$105,154,362	1
Oil and Gas Mining	71,585,450	2
Food Processing	58,079,179	3
Special Trades Construction	51,095,513	4
Building Construction	45,438,783	5
Business Services	29,730,691	6
Local Government	28,135,129	7
Miscellaneous Services	26,941,833	8
Eating and Drinking Places	24,477,267	9
Air Transportation	22,156,700	10

Source: Alaska Department of Labor, Research and Analysis

In terms of the percent of total wages paid to nonresident workers by industry, the food (primarily seafood) processing industry tops the list with approximately 53 percent of all wages going to nonresidents.

Table 3
Top Ten Industries
Percent of Total Wages Paid to Nonresidents
Alaska 1984

Standard Industrial Classification	Nonresident Wages	Resident Wages	% of Total Wages to Nonresidents	Rank
Food Processing	$ 58,079,179	$ 50,903,801	53	1
Nonclassifiable	3,088,327	6,728,582	31	2
Heavy Construction	105,154,362	254,275,994	29	3
Miscellaneous Repair	6,482,789	15,684,114	29	4
Metal Mining	4,894,685	13,210,321	27	5
Fishing,Hunting,Trapping	1,172,299	3,373,836	26	6
Nonmetallic Mining	x	x	26	7
Logging	7,928,467	25,441,354	24	8
Private Household Domestics	51,668	168,578	23	9
Agricultural Services	1,302,569	4,687,771	22	10

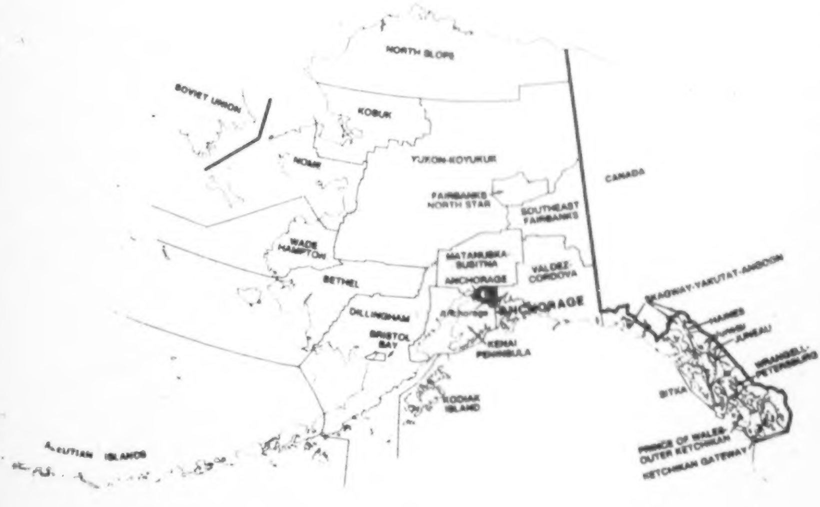
Source: Alaska Department of Labor, Research and Analysis
Note: "x" indicates information cannot be disclosed.

Table 4
Top Ten Industries
Non Resident Employees
Alaska 1984

Standard Industrial Classification	Nonresident Employees	Rank
Food Processing	12,068	1
Eating and Drinking Places	7,473	2
Special Trades Construction	4,572	3
Heavy Construction	4,094	4
Business Services	3,990	5
Building Construction	3,976	6
Local Government	2,877	7
Oil and Gas Mining	2,783	8
Hotels	2,226	9
Food Stores	1,806	10

Source: Alaska Department of Labor, Research and Analysis

Census Areas


NORTH SLOPE
SOVIET UNION
KOBUK
NOME
YUKON-KOYUKUK
CANADA
FAIRBANKS NORTH STAR
SOUTHEAST FAIRBANKS
WADE HAMPTON
MATANUSKA-SUSITNA
ANCHORAGE
VALDEZ-CORDOVA
BETHEL
SKAGWAY-YAKUTAT-ANGOON
ANCHORAGE
Anchorage
DILLINGHAM
HAINES
Juneau
JUNEAU
BRISTOL BAY
KENAI PENINSULA
WRANGELL-PETERSBURG
SITKA
KODIAK ISLAND
PRINCE OF WALES-OUTER KETCHIKAN
KETCHIKAN GATEWAY
ALEUTIAN ISLANDS

Nonresident wages and Employees by Geographic Area

The Bristol Bay Borough, Aleutian Islands, and Dillingham census areas are the three geographic areas in the state that have the highest percentage of nonresident wages paid (see map). Most of the wages paid to nonresidents in these census areas were paid to workers in the manufacturing (seafood processing) industry. The North Slope Borough had the fourth largest percentage of nonresident wages paid, with the majority of those wages going to workers in the construction and mining industries. In terms of total dollars paid to nonresidents, Anchorage, North Slope and Fairbanks, census areas led the list with a combined total of more than 70 percent of all nonresident wages paid.

Unemployment Insurance Benefit Recipients

During 1984 Alaska paid unemployment insurance benefits (including extended and federal benefits) to 61,738 different individuals. Nearly 10,000 of these individuals were identified as nonresidents based upon a match with the permanent fund dividend data base. Over $20 million, 17.6 percent of all unemployment insurance benefits, went to nonresidents. Most of the dollars paid to nonresidents went to addresses in other states. While only 3.9 percent of all in-state unemployment insurance payments were found to have been paid to nonresidents, 58.6 percent of all interstate payments went to nonresidents.

In 1984 regular interstate benefits comprised a larger share of total benefits paid to all individuals for Alaska than for any other state. Only Wyoming approached Alaska in terms of percent of benefits paid to interstate claimants in 1984 and slightly exceeded Alaska in 1983. Interstate payments to *nonresidents* during 1984 were sent primarily to western states, with 33 percent going to the state of Washington. Some other states receiving U.I. payments include: California (12.3%), Oregon (10.6%), Idaho (4.1%), Montana (3.3%), Arizona (2.9%), Texas (2.5%), Minnesota (2.3%), and Florida (2.0%). Interstate payments of all benefit types comprised 25.1 percent of total benefits paid in 1984. Approximately 34 percent of all regular unemployment insurance payments made in Alaska go to individuals that worked for firms in the construction industry. Of those payments made to construction workers, 21.2 percent are paid to individuals that receive their benefits outside of the state. Other industries with high percentages of interstate regular U.I. payments as a percent of total regular U.I. payments include food products manufacturing (54.8%); lumber and wood manufacturing (36.6%); finance, insurance and real estate (27.5%); and mining (27.0%).

Table 5 shows data from a recently completed analysis of the unemployment insurance payments and recipients by occupation. All unemployment insurance recipients are identified with a Dictionary of Occupational Title (DOT) which reflects their major area of experience. These broad occupational categories provide a general picture of the dollar value of payments and number of recipients by resident status. Miscellaneous construction, excavating and paving, food and beverage preparation/service, food processing and electrical installing and repair occupations are the five occupational categories in which nonresidents received the most unemployment insurance payments in 1984.

PERCENT DISTRIBUTION OF
UNEMPLOYMENT INSURANCE PAYMENTS
BY OCCUPATIONAL CATEGORY
ALASKA 1984

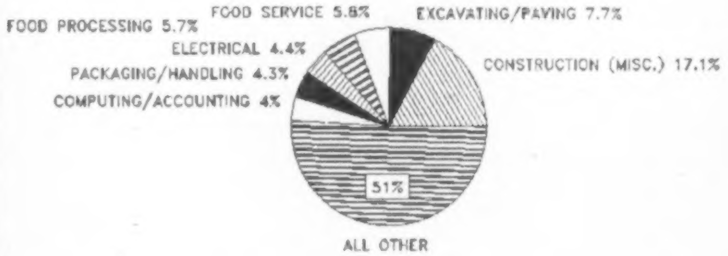


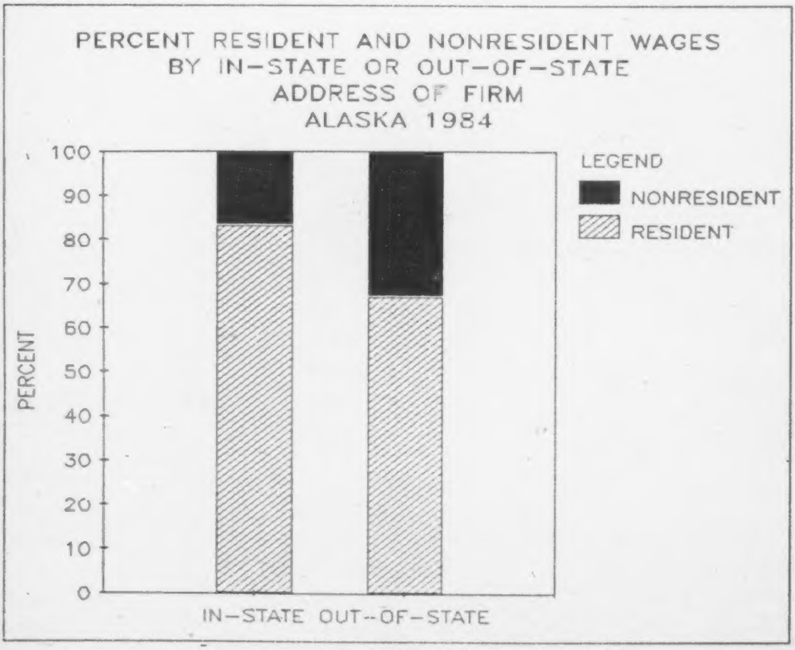
Table 5
Unemployment Insurance Payments and Recipients 1984
Sorted By Dictionary of Occupational Title Code

Occupational Category	Occupational Code	Total Payments (in dollars)	Percent Nonresident Payments	Total Recipients	Percent Nonresident Recipients
Invalid Occupation Code		1,076,556	51.79	533	44.46
Arch., Engineering, Surveying	1	1,448,080	20.43	713	18.09
Mathematics & Physical Sci.	2	508,793	11.22	287	10.45
Life Sciences	4	1,001,512	10.62	564	9.04
Social Sciences	5	100,099	19.95	55	21.82
Medicine & Health	7	862,343	18.80	481	15.59
Education	9	1,215,159	12.35	762	9.97
Museum, Library, Archival	10	99,690	13.51	56	14.29
Law	11	161,175	14.24	85	10.59
Writing	13	157,617	20.26	39	16.85
Art	14	194,522	12.27	116	11.21
Entertainment & Recreation	15	154,578	13.39	102	12.75
Admin. Specializations	16	2,981,212	14.10	1,500	12.73
Managers & Officials, N.E.C.	18	3,456,140	17.25	1,695	14.63
Misc. Prof., Tech., Managerial	19	1,965,870	23.02	1,092	19.41
Stenography, Typing, Filing	20	5,335,967	14.07	3,262	11.74
Computing & Account Recording	21	5,513,994	14.46	3,391	11.62
Production and Stock Clerks	22	1,152,617	17.86	613	16.48
Information and Message Distr.	23	1,567,146	13.60	1,000	9.70
Misc. Clerical	24	860,534	13.89	528	10.80
Sales Occupations, Services	25	195,874	12.35	136	11.76
Sales Occupations, Consumables	26	172,008	14.61	119	11.76
Sales Occupations, N.E.C.	27	1,182,038	14.43	728	11.95
Misc. Sales Occupations	29	1,320,191	15.57	896	13.39
Domestic Service	30	236,946	18.04	165	13.94
Food & Beverage Prep. & Svc.	31	5,977,040	19.24	4,066	16.26
Lodging and Related Service	32	913,216	9.74	570	9.82
Barbering, Cosmetology	33	110,750	21.51	76	13.16
Amusement & Recreation	34	18,319	48.22	17	35.29
Misc. Personal Service	35	701,789	17.63	535	12.71
Apparel & Furnishings Service	36	198,241	25.82	106	18.87
Protective Service	37	944,159	16.46	538	14.31
Building and Related Service	38	1,264,001	14.57	896	12.50
Plant Farming	40	249,443	20.23	170	18.24
Animal Farming	41	46,545	24.75	30	23.33
Misc. Agriculture	42	18,085	80.03	13	61.54
Fishery and Related	44	581,201	22.59	376	23.67
Forestry and Related	45	1,722,425	25.13	860	26.05
Hunting, Trapping	46	10,094	49.46	4	25.00
Metal Processing	50	43,803	34.27	20	30.00
Ore Refining and Foundry	51	4,780	58.93	5	40.00
Food Processing	52	3,592,974	31.42	2,594	29.68
Paper Processing	53	21,135	45.91	12	33.33
Petroleum, Coal Processing	54	99,674	16.17	39	12.82
Chemical Processing	55	37,794	53.24	21	47.62
Wood Processing	56	8,012	48.78	7	42.86
Stone, Clay, Glass Processing	57	74,305	32.44	35	31.43
Leather, Textile Processing	58	6,482	83.31	4	50.00
Processing Occupations N.E.C.	59	14,198	22.33	8	50.00
Metal Machining	60	422,419	50.50	211	41.71
Metalworking	61	69,443	21.40	44	31.82
Mechanics	62	3,726,101	18.07	1,920	15.31
Mechanics	63	1,046,847	19.83	465	19.35
Paperworking	64	9,992	0.00	6	0.00
Printing	65	99,239	15.89	51	9.80
Wood Machining	66	365,076	18.48	151	17.88
Stone, Clay, Glass Machining	67	20,498	47.24	7	42.86
Textile	68	24,406	72.20	13	61.54
Machine Trade Occ., N.E.C.	69	360,890	11.42	123	11.38
Fabr., Assembly of Metal Prod.	70	95,676	29.61	46	26.09
Fabr. of Scientific Products	71	64,462	12.38	54	16.67
Assembly of Electrical Equip.	72	121,615	16.98	78	21.79
Fabr., Repair Misc. Products	73	59,324	47.41	30	43.33
Painting, Decorating	74	103,160	21.09	50	16.00

Table 5
Unemployment Insurance Payments and Recipients 1984
Sorted By Dictionary of Occupational Title Code

Occupational Category	Occupational Code	Total Payments (in dollars)	Percent Nonresident Payments	Total Recipients	Percent Nonresident Recipients
Fabr. of Plastics, Rubber	75	29,499	15.10	12	16.67
Fabr. of Wood Products	76	176,167	7.01	93	9.68
Fabr. Sand, Stone, Clay, Glass	77	9,816	27.51	5	20.00
Fabr. Textiles, Leather	78	75,478	37.23	48	27.08
Bench Work, N.E.C.	79	0	0.00	0	0.00
Metal-Fabricating, N.E.C.	80	1,849,452	21.86	781	20.61
Welders, Cutters and Related	81	2,096,018	21.32	918	20.92
Elec. Assembling, Installing, Repair	82	3,782,252	23.30	1,987	19.38
Painting, Plastering, Cementing	84	1,495,605	12.87	737	11.67
Excavating, Grading, Paving	85	8,377,810	18.33	3,504	17.84
Construction, N.E.C.	86	23,796,344	14.31	11,704	13.12
Structural Work	89	1,113,927	13.33	582	12.71
Motor Freight	90	5,817,960	12.60	2,536	12.62
Transportation, N.E.C.	91	1,971,323	15.77	1,200	13.50
Packaging and Materials Handling	92	4,614,702	18.52	2,444	18.54
Minerals Extraction	93	1,598,019	18.52	745	17.72
Prod. & Distr. of Utilities	95	755,069	15.81	382	12.30
Amusement, Recreation, TV, Radio.	96	42,093	27.87	26	19.23
Graphic Art Work	97	148,663	18.19	84	13.10
Total		$113,918,471	17.49	61,007	15.76

Notes: Total payment amounts differ slightly from those published in "Nonresidents Working in Alaska" due to a different timeframe for the data extraction.


PERCENT RESIDENT AND NONRESIDENT WAGES BY IN-STATE OR OUT-OF-STATE ADDRESS OF FIRM ALASKA 1984

Displacement of Resident Workers

Nonresidents comprised 22 percent of Alaska's employees in 1984, and earned 12 percent of all wage and salary income. Some evidence was compiled which suggests that, on a statewide basis for many occupations, there were Alaskans available who would have been qualified for many of the positions taken by nonresident workers in Alaska in 1984. However, definitive determination of the number of Alaskans available and qualified for a particular job would require a detailed analysis of the supply of labor and the skill requirements of the particular job. This was beyond the scope of the study.

As part of the detailed study prepared by the Alaska Department of Labor, an analysis of the displacement of workers in the construction industry was prepared. The following graph shows the estimated number of nonresidents by selected construction occupation found to be working during the third calendar quarter of 1984, compared with the number of Alaska residents collecting unemployment insurance during that same quarter. Although the figures tend to overstate the number of nonresidents working *and* the number of ~~residents~~ receiving unemployment insurance available for work at any given time, the figures also understate the *total* number of Alaska residents available for work since many unemployed residents do not qualify for unemployment insurance. (Detailed data by quarter for the construction industry is available in the comprehensive report).

During the third calendar quarter of 1984 there were several thousand Alaskans receiving Unemployment Insurance compensation who may have been qualified to fill the several thousand positions occupied by nonresidents. Many of the occupations filled by nonresidents are not highly skilled or technical occupations.

Nonresidents in the Alaska Construction Industry
State Funded Construction Employees and Earnings

Based upon the sample of payroll records reported to the Alaska Department of Labor by firms working on state funded projects, about 11,800 different individuals worked on state funded construction projects and earned $162.6 million in wages during 1984. During 1984, 43,438 workers in the *entire* construction industry earned a total of $910,459,964. Wages in state funded construction, at the job site, represented about 18.3 percent of total wages earned in Alaska's construction industry, somewhat smaller than has been previously estimated.

State funded construction projects exhibited a significantly smaller percentage of nonresident workers and nonresident earnings than the construction industry as a whole. This is attributed to the enforcement of the employment preference provisions contained in AS 36.10. In 1984, for the entire construction industry, 29 percent of the individuals who worked were nonresidents, and 17.8 percent of total earnings were received by nonresidents. The sample of state funded construction workers indicates that 17.9 percent of the workers were nonresidents, and 15.0 percent of the total wages were earned by nonresidents.

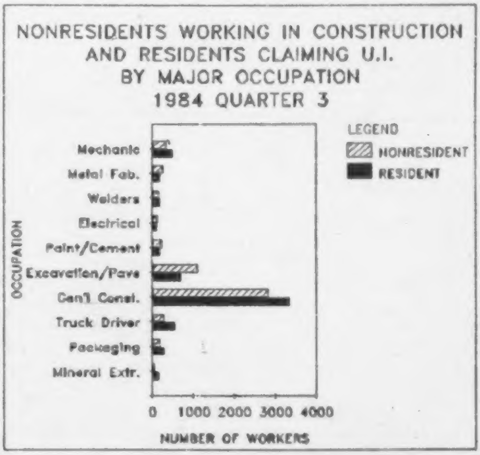
The Alaska Department of Labor recently selected the 300 largest construction firms in Alaska in 1984 and identified which firms hired union construction workers and which firms did not. These 300 firms accounted for slightly more than 73 percent of total wages paid in the construction industry in 1984. Based upon a union versus nonunion stratification, 24.6 percent of all wages paid by 'nonunion' firms went to nonresidents while 22.9 percent of all wages paid by 'union' firms went to nonresidents.

A recent examination of the employer payroll files classified individual firms as "in-state" or "out-of-state" based on the zip code of the payroll office of the reporting construction firm. Approximately 32.7 percent of all wages paid by "out-of-state" firms were paid to nonresidents while only 16.6 percent of all wages paid by "in-state" firms were paid to nonresidents of Alaska.

Summary

The recent Alaska Supreme Court decision upholding the Superior Court ruling which struck down Alaska's "resident hire law" (Title 36 of the Alaska Statutes) has provided a new sense of urgency to legislation designed to provide Alaska residents with preference in employment on state funded projects and on state lands. Several bills are currently being debated in the Alaska Legislature, including House Bills 466 and Senate Bill 271, which would address this issue. The bills attempt to address the Court's concerns and criticisms with different approaches and with a stronger use of objective data that can measure the real loss to the Alaska economy associated with nonresident employment and the available supply of qualified Alaskan workers.

For more information on the history of the resident hire issue see the August, 1985 issue of Alaska Economic Trends. For a detailed analysis of the impact of nonresidents in 1984 see "Nonresidents Working in Alaska—A Special Study to Measure the Economic Impact of Nonresidents on Alaska's Economy During Calendar Year 1984," Alaska Department of Labor, Research and Analysis, January 17, 1986.


NONRESIDENTS WORKING IN CONSTRUCTION
AND RESIDENTS CLAIMING U.I.
BY MAJOR OCCUPATION
1984 QUARTER 3

Alaska

By Edward Eboch

Economic Forecasts

Economic forecasting is a humbling experience. Our December employment forecast for 1986 and 1987 may be to optimistic in light of the recent decline in the price of oil. While lower oil prices will negatively impact the Alaskan economy, peoples' expectations often have more influence on the level of economic activity than actual economic events. If people remain confident in the underlying strength and great potential of Alaska's economy the future will be better than many now expect.

The December forecast was qualified in that it assumed oil prices would remain above $20 a barrel. Implicit was that below this price the forecast would have to be adjusted downward. It was felt that prices below $20 a barrel would have a negative psychological impact and people would behave as if the economy was in a recession and be less likely to spend and invest. By spending and investing less they would insure that their expectations would be met.

However, it is difficult to account for the magnitude of the drop in employment suggested by many forecasts. We should be careful not to allow the negative news of lower oil prices to overshadow the changes that could positively affect Alaska's economy over the next several years.

Reviewing the Forecast

Cuts in state expenditures were anticipated but not of the magnitude that may be required with the price of oil in the low teens. What was not expected was the response from the oil companies. Since oil companies recognize the fickle nature of supply/demand balances and the long time required to find and develop oil fields it was felt that exploration and development would continue at levels of the past several years. However, the sharp drop in oil prices make it more difficult to find fields that are economical to develop and anticipated lower earnings reduces the cash flow available to continue both exploration and development.

It is likely that the economy will not perform as well as it would had state expenditures remained at previous levels. While less state spending and less oil exploration and development activities mean the economic outlook is not as good as anticipated in December there is no reason to panic. True, state government employment will decline

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

				Changes From:	
	P/	R/			
	2/86	1/86	2/85	1/86	2/85
Nonag. Wage & Salary	218700	217100	215300	1600	3400
Mining	9100	9100	9200	0	-100
Construction	12500	12800	14400	-300	-1900
Manufacturing	8000	7600	7800	400	200
Food & Kindred Prod.	3000	2700	2800	300	200
Lumber & Paper Prod.	1700	1600	1800	100	-100
All Other Mfg.	3300	3300	3200	0	100
Trans. Comm. & Utilities	17900	17700	17400	200	500
Trucking & Whseing.	2100	2100	2200	0	-100
Water Transportation	1000	900	1100	100	-100
Air Transportation	5900	5800	5200	100	700
Other Trans. Comm. & Utilities	8900	8900	8900	0	0
Trade	44100	44800	42700	-700	1400
Wholesale	8300	8400	8300	-100	0
Retail	35800	36400	34400	-600	1400
Gen. Mer. & Apparel	5300	5400	4800	-100	500
Food Stores	6100	6200	5600	-100	500
Eating & Drinking Pl.	12600	12500	12200	100	400
Other Retail Trade	11800	12300	11800	-500	0
Finance-Ins. & R.E.	12700	12700	12200	0	500
Services & Misc.	44900	44300	43500	600	1400
Government	69500	68100	68100	1400	1400
Federal	17800	17700	17000	100	800
State	20400	19300	20400	1100	0
Local	31300	31100	30700	200	600

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1985.

P/ Denotes Preliminary Estimates.

R/ Denotes Revised Estimates.

and oil industry employment may not grow as expected and may actually decline; however, there is some positive news.

With the improvement of the exchange rate Alaska products (fish, timber, and tourism) should be more competitive. In addition, there is little appreciation of the importance of the military to Alaska's economic prosperity, especially the impact of the current military expansion in Alaska. Although Fairbanks will be the primary beneficiary of this growth, benefits will accrue to many of Alaska's communities and industries. Besides the direct impact of more civilian jobs, indirect benefits will be felt as retail sales, services and construction increase.

Fishing employment has been strong and development of an Alaska bottomfish industry seems on its way to success with three plants soon to be operational statewide. Improved exchange rates will improve Alaska's fishing industry's competitive position both in the U.S. and abroad. The U.S. housing boom and being more competitive abroad will help Alaska's depressed timber industry. Attractive exchange rates and trouble in the Mediterranean coupled with a good U.S. economy means Alaska will have an excellent tourist season.

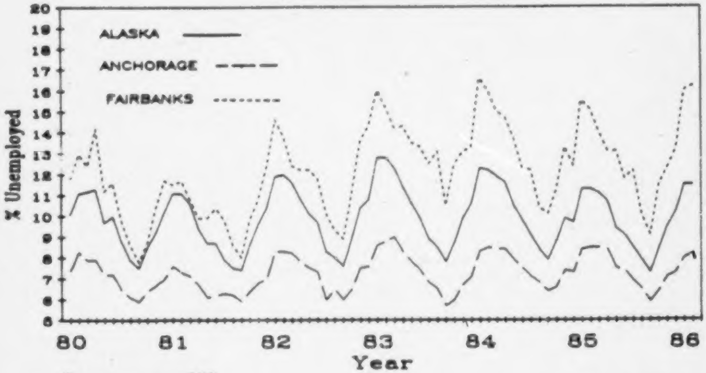
The state government still has ample resources at its disposal and, even with discussed cutbacks, will still spend more per capita in 1986-87 than any other state. While the cutbacks by the oil companies will be felt in later years the impact in 1986 will be slight. While oil prices remain low employment is unlikely to increase but there is no reason to expect declines in employment over the next year unless people believe the forecasts of a coming depression.

Current Trends

The unemployment rate for the State of Alaska held steady at 11.5% in February. The number of unemployed increased statewide by more than 600 workers, but an increasing employment base and labor force offset this increase and held the percentage of unemployed workers steady.

Alaska wage and salary employment increased during February by 1600 jobs, the first monthly increase since July of 1985. The increase was moderate, but indicates the Alaska economy has begun to rebound from its winter lull. Employment is expected to continue to increase from now until it reaches its peak in July or August. Employment gains statewide were experienced in government, and the transportation, manufacturing and service industries while trade and construction were employment losers in February. The drop in construction employment was the smallest since last summer, but the construction industry continues to show a sharp decline in employment compared to a year ago.

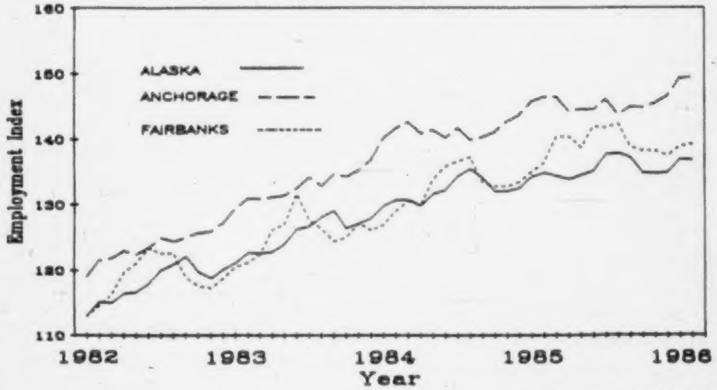
UNEMPLOYMENT RATES
NOT SEASONALLY ADJUSTED
1980 to Present



Benchmark 1985

source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage/MatSu

By Greg Huff

Construction Activity Profile

Construction employment and building permit statistics for Anchorage continued to record declines, a trend which began in late 1984. In fact, construction employment in February was at its lowest level since early 1982 and building permit data began its third straight year of decline.

Construction Employment

Construction employment averaged 6,285 for the first two months of 1986 compared to 7,324 for the same period in 1985, a 14% decline. This represents the smallest construction work force in January and February since 1982. In addition, the construction industry's share of total employment has eroded from 7% in 1985 to 6% in 1986 (two month average for both years). At the peak of the boom in 1984, construction employment accounted for 7.6% of total employment in the first two months of the year and averaged 9% for the entire year. While the construction industry has declined, the various components of the industry have reacted differently.

The construction industry can be broken into three main categories; general construction, heavy construction and special trades. Employment in the general construction sector is composed of workers employed in the construction of residential and commercial building projects. The heavy construction sector is comprised of workers engaged in activities such as road, bridge and tunnel and pipeline construction or maintenance. The special trades sector is comprised of workers who are responsible for specific tasks such as plumbing, electrical or masonry work. (The employment statistics presented in this article do not include self-employed construction workers).

Anchorage Construction Employment by Major Sector

	Average* 1985	Average* 1986	% Change
General construction	2,274	1,912	-15.88%
Heavy construction	837	680	-18.76%
Special trades	4,214	3,693	-12.38%
Total construction	7,325	6,285	-14.19%

*January/February average

For the first two months of 1986 general construction employment was down 16%. Of this sector residential construction employment was down nearly 30% while the decline in commercial construction employment was less than one percent. For the past two years the commercial sector has had more employment than the residential sector, a phenomena, not recorded in at least 10 years. Heavy construction employment for January/February averaged 680 jobs, down 18% over the first two months of 1985. An early start-up of the Boniface overpass project and adding two lanes to the Glenn Highway from Bragaw to Muldoon will bolster employment levels.

Employment in the special trade sector has experienced less severe declines than other sectors. Employment was down 12.4%, two percentage points lower than the overall decrease in construction employment. This can be attributed to the sector's orientation towards maintenance and repair besides being engaged in the construction of new units. This dual role, particularly for plumbers and electricians, keeps many special trade contractors busy when less new construction impacts the other sectors.

Construction Building Permits

Building permit data compiled by the Municipality of Anchorage contains information on the number of permits, the number of units and the dollar valuation of construction projects. The number of units equals the number of residences, for example, a permit for a duplex contains two units. The limitations of the data are that they reflect only the construction of residential and commercial buildings and do not reflect heavy construction or military construction projects.

The total number of permits issued was down 27% through February 1986 and the number of units was down 70%, but the dollar valuation of the projects was down only 4.3%. This is a result of a permit issued in February for the "Downtown Mall," valued at over $28 million. Good news for construction employment if this project reaches the construction phase.

Building permit statistics are broken into two main categories; new construction and remodeling. These categories are further divided into residential or commercial projects. The residential category are divided into single family units, duplexes and multifamily units.

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 2/86	**R/ 1/86**	**2/85**	**P/ 2/86**	**R/ 1/86**	**2/85**	**P/ 2/86**	**R/ 1/86**	**2/85**	**P/ 2/86**	**R/ 1/86**	**2/85**
Alaska Statewide	247838	243603	238962	28534	27927	27095	11.5	11.5	11.3	219304	215676	211867
Anch.-MatSu Region	135224	133244	130246	12676	12259	12445	9.4	9.2	9.6	122548	120985	117801
Anchorage Borough	118107	116315	113900	9719	9310	9711	8.2	8.0	8.5	108388	107005	104189
MatSu Borough	17117	16929	16346	2957	2949	2734	17.3	17.4	16.7	14160	13980	13612
Gulf Coast Region	25284	24852	24091	3844	3896	3633	15.2	15.7	15.1	21440	20956	20458
Kenai Peninsula Bor	16103	15816	15240	2842	2854	2586	17.6	18.0	17.0	13261	12962	12654
Kodiak Island Bor	5608	5548	5458	437	494	524	7.8	8.9	9.6	5171	5054	4934
Valdez-Cordova	3573	3488	3393	565	548	523	15.8	15.7	15.4	3008	2940	2870
Interior Region	38148	36968	36614	6047	5734	5400	15.9	15.5	14.7	32101	31234	31214
Fairbanks North Star B	30942	30058	29703	5001	4818	4479	16.2	16.0	15.1	25941	25240	25224
Southeast Fairbanks	3066	2956	2930	446	406	382	14.5	13.7	13.0	2620	2550	2548
Yukon-Koyukuk	4140	3954	3981	600	510	539	14.5	12.9	13.5	3540	3444	3442
Northern Region	7967	7708	8089	905	815	648	11.4	10.6	8.0	7062	6893	7441
Kobuk	2516	2402	2533	306	245	205	12.2	10.2	8.1	2210	2157	2328
Nome	3388	3265	3436	440	388	330	13.0	11.9	9.6	2948	2877	3106
North Slope Borough	2063	2041	2120	159	182	113	7.7	8.9	5.3	1904	1859	2007
Southeast Region	31070	30895	30469	4046	4280	4176	13.0	13.9	13.7	27024	26615	26293
Haines Borough	1016	1016	1000	173	186	180	17.0	18.3	18.0	843	830	820
Juneau Borough	11911	11872	11630	1223	1345	1231	10.3	11.3	10.6	10688	10527	10399
Ketchikan Gateway Bor	6634	6598	6554	880	931	956	13.3	14.1	14.6	5754	5667	5598
Prince of Wales-Outer Ketchikan	2439	2365	2290	476	432	380	19.5	18.3	16.6	1963	1933	1910
Sitka Borough	3778	3742	3646	432	447	391	11.4	11.9	10.7	3346	3295	3255
Skagway-Yakutat-Angoon	1917	1923	1986	345	375	456	18.0	19.5	23.0	1572	1548	1530
Wrangell-Petersburg	3375	3379	3363	517	564	582	15.3	16.7	17.3	2858	2815	2781
Southwest Region	10145	9936	9453	1016	943	793	10.0	9.5	8.4	9129	8993	8660
Aleutian Islands	2305	2272	2178	74	74	61	3.2	3.3	2.8	2231	2198	2117
Bethel	4014	3901	3722	473	413	363	11.8	10.6	9.8	3541	3488	3359
Bristol Bay Borough	412	407	378	57	58	42	13.8	14.3	11.1	355	349	336
Dillingham	1775	1752	1657	201	202	164	11.3	11.5	9.9	1574	1550	1493
Wade Hampton	1639	1604	1518	211	196	163	12.9	12.2	10.7	1428	1408	1355

P/ Preliminary R/ Revised 1985 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random innature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Anchorage Building Permit Statistics
By Major Type

	1985*	1986*	% Change
Single family:			
number of permits	117	99	-15.38%
$ valuation	9,924,327	9,966,588	0.43%
Duplex:			
number of permits	6	0	-100.00%
$ valuation	909,813	0	-100.00%
Multifamily:			
number of permits	22	8	-63.64%
number of units	115	34	-70.43%
$ valuation	7,053,215	1,924,797	-72.71%
Commercial:			
number of permits	21	5	-76.19%
$ valuation	8,464,195	30,360,615	258.69%
Residential Remodel:			
number of permits	55	43	-21.82%
$ valuation	1,041,375	683,709	-34.35%
Commercial remodel:			
number of permits	118	94	-20.34%
$ valuation	21,494,168	3,831,082	-82.18%
Total			
number of permits	339	249	-26.55%
$ valuation	48,887,635	46,766,791	-4.34%

Source: Municipality of Anchorage *Building SafetyActivity/Revenue Activities Report*
* figures represent the sum of the first two months of the year.

The number of permits for single family units for the first two months of 1986 was down 15%, but valuation was down less than 1% reflecting the construction of more expensive homes. On average, the valuation of single family residence building permits in early 1986 was over $100,000 dollars, compared to $88,000 in 1983, the peak year.

Applications for building permits for the construction of duplex units hit rock bottom in 1986—after three straight years of decline. The construction of duplex units peaked in 1982 when there were 220 permits issued. By 1985 the number of permits was down to 69. The construction of duplex units were not a large contributor to overall construction activity during the last boom. On average duplex construction represented less than 5% of total valuation over the last six years.

The number of permits issued through February for multifamily units declined 70%, while valuation dropped over $5 million. The biggest declines were in the condominium market. The peak of multifamily unit construction occurred in 1983 with 700 permits issued, totaling 5,364 units valued at over $258 million (25% of total building permit valuation for that year. A record not exceeded in recent history).

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

				Changes From:	
	P/ 2/86	R/ 1/86	2/85	1/86	2/85
Nonag. Wage & Salary	112000	111750	109350	250	2650
Mining	4300	4300	4250	0	50
Construction	6100	6450	7150	-350	-1050
Manufacturing	2350	2250	2400	100	-50
Food & Kindred Prod.	350	250	350	100	0
Other Mfg.	2000	2000	2050	0	-50
Trans. Comm. & Utilities	9500	9450	8900	50	600
Trucking & Whseing.	1150	1100	1200	50	-50
Water Transportation	300	300	300	0	0
Air Transportation	3750	3650	3050	100	700
Other Trans. Comm. & Utilities	4300	4400	4350	-100	-50
Trade	27250	27550	25950	-300	1300
Wholesale	6300	6350	6300	-50	0
Retail	20950	21200	19650	-250	1300
Gen. Merchandise	1900	2000	1550	-100	350
Food Stores	3050	3050	2800	0	250
Eating & Drinking Pl.	7950	7900	7550	50	400
Other Retail Trade	8050	8250	7750	-200	300
Finance-Ins. & R.E.	8500	8550	8350	-50	150
Services & Misc.	27100	26800	26050	300	1050
Government	26900	26400	26300	500	600
Federal	9800	9800	9700	0	100
State	7500	6950	7300	550	200
Local	9600	9650	9300	-50	300

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

				Changes From:	
	P/ 2/86	R/ 1/86	2/85	1/86	2/85
Nonag. Wage & Salary	119400	119200	116150	200	3250
Mining	4300	4300	4250	0	50
Construction	6600	6900	7800	-300	-1200
Manufacturing	2450	2350	2500	100	-50
Trans. Comm. & Utilities	10150	10150	9550	0	600
Trade	29150	29550	27450	-400	1700
Finance-Ins. & R.E.	8950	9050	8900	-100	50
Services & Misc.	28400	28050	27250	350	1150
Government	29400	28850	28450	550	950

The commercial permit data received mixed reviews. The valuation of remodeling of commercial buildings was down over 82% and number of permits down 20% , but the valuation of permits for new construction was up 258%, indicating the building permit for the "Downtown Mall." Downtown Anchorage could be the construction hot spot in 1986 if the Mall construction actually gets underway. Combined with the construction of the performing arts center, downtown would be the site of the two largest projects in Anchorage.

Fairbanks/Interior

By Neal Fried

Fairbanks' Monthly Earnings

Fairbanks' workers today are taking home monthly paychecks which are $1,500 greater than they were in 1970. The average monthly wage in 1970 was $915 compared to $2,418 in 1985. Why doesn't the average Fairbanks resident feel their paycheck buys more than twice as much as it did in 1970? Because, after adjusting for inflation, it has only grown 2.5% in real terms. This article will explore why Fairbanks' average monthly earnings have grown slowly and will investigate some of the differences found from industry to industry.

Background

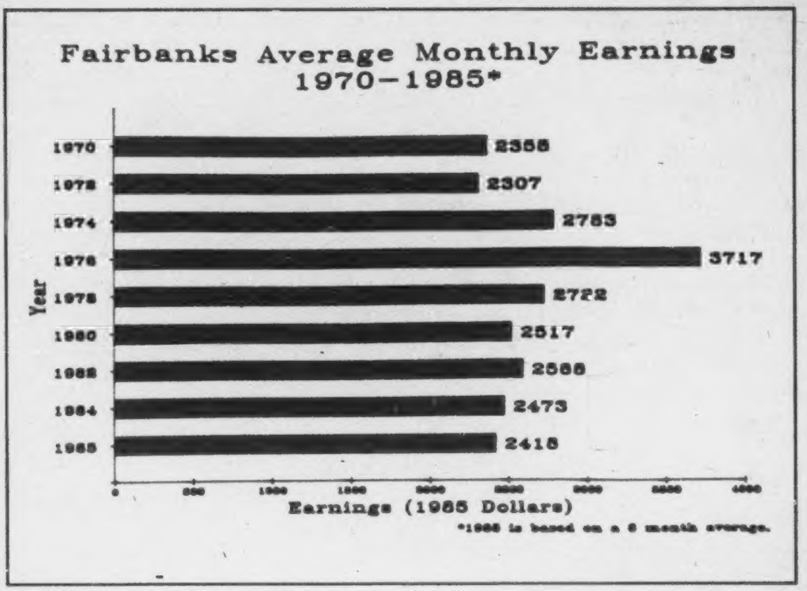
Average monthly earnings represent Fairbanks' total wage and salary payroll divided by the number of jobs it supports. The payroll is the computation of all wages and salaries paid to workers in Fairbanks' economy. It excludes self-employed workers' incomes and other forms of income not paid as wages and salaries. The average monthly earnings do not necessarily represent what the individual Fairbanks' resident earns but, instead, what the average job pays. Throughout the remainder of this article all references to average monthly earnings will be made in constant, or 1985 dollars.

Earnings Gains

Though monthly earnings increased only 2.5%, they did show more growth than national earnings. Nationally, earnings declined over the same time period. It is not surprising that Fairbanks' earnings have outperformed the nation, given the robust growth of Fairbanks' economy over the past 15 years.

In light of this growth in employment in Fairbanks it is surprising that the average monthly earnings have increased so little. Employment has almost doubled and most of Fairbanks' other economic indicators have improved. One cause of low growth in earnings is inflation. During the past 15 years the nation has experienced the highest inflation in this century and Fairbanks was no exception. Inflation has eroded many of the earnings gains.

A greater percent of total employment in industries that traditionally pay less explains much of the failure of the average monthly earnings to increase. The two largest of these industries are retail trade and services. These two industries were responsible for 27% of em-



ployment in 1970 compared to 37% today. Lower productivity in retail trade and the service industries is reflected in their low earnings. In 1985 Fairbanks' average monthly earnings was $2,418 compared to retail trade and services' average monthly earnings of $1,490 and $1,742 respectively.

Earnings in Fairbanks have fluctuated over the years. There were years which experienced rapid gains in earnings and correspondingly there were years with steep losses. The most rapid growth took place during the construction of the oil pipeline. During the first year of pipeline construction (1974), wages increased 21%. Wages grew because of several factors; employers had to bid up wages because of labor shortages, more hours were worked, favorable labor agreements were negotiated, and the construction work force, one of the best paid industries in Fairbanks, was growing rapidly. Two years later, wages soared another 34% and peaked at $3,717 per month. The average monthly earnings of 1976 have not yet been matched and may never be.

With the completion of the pipeline, wages fell almost as quickly as they climbed. By 1978 wages fell 27% and continued to fall through 1980. Wages began to inch up again in the early 1980's with the rebound in the economy, but more recently have begun to fall again. In 1984, earnings fell 4% and in 1985 they fell by another 1%. Economic growth slowed, there was a more than abundant labor force so wages were not bid upward, organized labor appeared to be losing some ground, and the retail trade and service industries continued to expand. The end result when comparing 1970 to 1985 has been a 2.5% growth in earnings, with some fatter and leaner years in between.

Industry Differences

Monthly earnings vary dramatically from a high of $3,909 in construction to a low of $1,321 in retail trade. Typically secondary industries such as retail trade, services and finance, insurance and real estate fall below the average. Generally the secondary industries' wages are below average because of a combination of the following factors-low productivity, greater concentrations of unskilled and semi-skilled workers, a prevalence of part-time employment, and fewer workers represented by organized labor.

Fairbanks
Average Monthly Earnings
By Industry
1970-1985

Industry	**1970/1**	**1985**	**Percent Growth 1970-1985**
Nonag. Wage & Salary	$2,358	$2,418	2.5%
Mining	-	3,966	-
Construction	3,897	3,909	0.3%
Manufacturing	2,258	2,485	10.1%
Trans. Comm.& Utilities	2,968	3,384	14.0%
Trade	1,824	1,490	-18.3%
Wholesale Trade	2,435	2,328	- 4.4%
Retail	1,691	1,321	-21.9%
Finance, Ins. & R.E.	1,702	2,142	25.9%
Services & Misc.	1,723	1,742	1.1%
Government	2,340	2,695	15.2%
Federal	2,454	2,114	-13.9%
State & Local	2,264	2,709/2	19.7%

/1 In 1985 dollars
/2 The state and local figure is based on 1984 data because of a change in the way teachers earnings were calculated during the 2nd quarter of 1985.

Two industries in Fairbanks have actually lost ground since 1970. Retail trade is the biggest loser. In 1970 the average earnings for retail trade workers was $1,691 and by 1985 it had fallen to $1,321. This is largely because part-time employment has become more prevalent but also because wage increases have not kept pace with inflation. Retail trade has become a fiercely competitive industry in Fairbanks, and this has contributed to the overall depression in wages. Federal government's wages have also lost ground since 1970.

The biggest winners have been state and local government, finance, insurance and real estate and transportation. State and local government earnings grew by nearly 20% over the past 14 years. This strong growth allowed earnings which were slightly below the average in 1970 to rise above the average by 1984. Despite finance, insurance and real estate's strong annual growth rate, its monthly earnings remain below the overall average. Construction earnings have remained virtually unchanged. There were a few extremely lucrative years for the construction industry during pipeline construction, when monthly earnings reached $6,653 in 1976. Wages for this industry fell almost as rapidly as they climbed and in 1985 they had fallen to 1970's level. Though this industry's earnings have not grown, construction workers remain among the top monthly wage earners in Fairbanks.

Though the average worker in Fairbanks is not taking home a paycheck much larger than wage earners did in 1970, the worker's household may still be significantly better off now than it was 15 years ago. This is because employees have chosen to take increases in the form of nontaxable benefits rather than as pay increases. In addition, more women are choosing to work, making it more likely that there are two wage earners in a household. Also there are fewer mouths to feed because families have become smaller. Finally, state programs such as low interest housing loans, the repeal of the state income tax and permanent fund dividends have increased the wealth of the household.

Current Trends

Interior's unemployment rate climbed to 15.9% in February. Fairbanks' registered the highest unemployment rate in the region at 16.2%. This is two-tenths of a point above January's rate and 1.1 points above year-ago. Both Southeast Fairbanks' and Yukon-Koyukuk's unemployment rates increased to 14.5% in February. Wage and salary employment grew by 350 in February. Most of this growth came from the University of Alaska as the spring semester got into full swing.

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	P/	R/		Changes From:	
	2/86	1/86	2/85	1/86	2/85
Nonag. Wage & Salary	27450	27100	26850	350	600
Mining	100	150	150	-50	-50
Construction	1950	1800	2000	150	-50
Manufacturing	500	500	500	0	0
Trans. Comm. & Utilities	2700	2750	2650	-50	50
Trucking & Whseing.	450	500	450	-50	0
Air Transportation	850	850	850	0	0
Other Trans. Comm. & Utilities	1400	1400	1350	0	50
Trade	5800	5850	5550	-50	250
Wholesale	1000	1000	950	0	50
Retail	4800	4850	4600	-50	200
Gen. Mer. & Apparel	500	550	500	-50	0
Food Stores	750	750	700	0	50
Other Retail Trade	3550	3550	3400	0	150
Finance-Ins. & R.E.	1050	1000	950	50	100
Services & Misc.	5600	5600	5450	0	150
Government	9750	9450	9600	300	150
Federal	2650	2650	2500	0	150
State	4200	3900	4200	300	0
Local	2900	2900	2900	0	0

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	P/	R/		Changes From:	
	2/86	1/86	2/85	1/86	2/85
Nonag. Wage & Salary	31100	30500	30450	600	650
Mining	200	250	250	-50	-50
Construction	2050	1850	2100	200	-50
Manufacturing	550	550	500	0	50
Trans. Comm. & Utilities	3000	3050	2950	-50	50
Trade	6150	6150	6000	0	150
Finance-Ins. & R.E.	1100	1050	1000	50	100
Services & Misc.	5900	5850	5700	50	200
Government	12150	11750	11950	400	200

Gulf Coast

By Neal Fried

Unemployment in Valdez-Cordova

The Valdez-Cordova unemployment rate reached 15.8% in February, probably the highest it will reach this year. The Valdez-Cordova census area includes Valdez and Cordova as well as 12 communities in the Copper River basin along the Richardson and Edgerton Highways and the Tok Cut-Off. The larger communities include Copper Center and Glennallen. Seventy percent of the area's population reside in Valdez and Cordova.

The Unemployment Rate

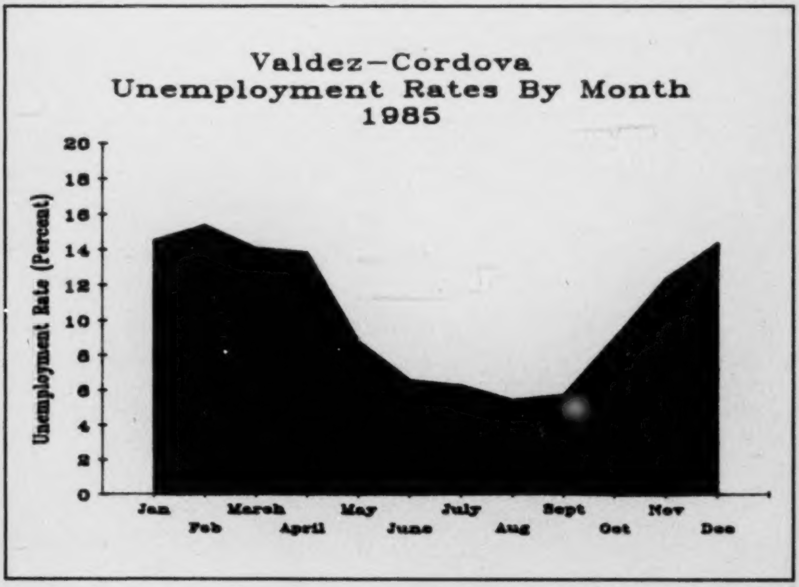
Valdez-Cordova's unemployment rate has fluctuated considerably over the past five years. In 1980 the area's unemployment rate was 11.2%, but it increased to 13.1% in 1982 even though employment reached its peak that same year. This appears to be a contradiction, but it is not unusual in Alaska for the unemployment rate to rise during peak employment growth. This is because the number of new job seekers attracted to the area by new job opportunities is greater than the number of new jobs.

Local residents may also have become more active in the labor force because work appeared to be available. To be considered unemployed a person must be actively seeking work. In an area such as Valdez-Cordova, where employment is typically difficult to find, some people may drop out of the labor force during periods of job scarcity and only become active when new job opportunities become available.

The poor King crab harvests which began in 1981 may have contributed to the higher unemployment rate, particularly in the Cordova labor market. From 1982 through 1984 the unemployment rates were above 13 percent. The area's economy lost its momentum in 1983 and failed to register employment growth since. The unemployment rate for 1985 unexpectedly fell to 10.2% though employment did not grow. One possible explanation is that some of the unemployed dropped out of the labor force, and others may have left the area. The fall in the unemployment rate was not an indicator of an improving economy.

Valdez-Cordova, Alaska Unemployment Rates 1980-1985

Year	Valdez-Cordova	Alaska
1980	11.2%	9.6%
1981	11.8%	9.2%
1982	13.1%	10.0%
1983	13.7%	10.3%
1984	13.6%	10.1%
1985	10.2%	9.5%



The Valdez-Cordova area's unemployment rate has consistently remained above the statewide rate. Generally it has been 3 points above the statewide rate, but in 1985 it was less than a point above. The area's economy has been far less dynamic than the state's. During the past five years the area's economy has grown 6.5% compared to 35% statewide. Cordova has performed poorly during these years because of the poor shellfish harvests. Valdez's employment grew during the late 1970's and early 1980s but has remained flat for the past three years. The Copper River basin's economic performance has been no better.

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	P/ 2/86	R/ 1/86	2/85	Changes From: 1/86	2/85
Nonag. Wage & Salary	18850	18500	18100	350	750
Mining	750	750	750	0	0
Construction	1500	1500	1450	0	50
Manufacturing	1900	1650	1800	250	100
Food & Kindred Prod.	1250	1000	1200	250	50
All Other Mfg.	650	650	600	0	50
Trans. Comm. & Utilities	1700	1750	1650	-50	50
Trade	3700	3700	3400	0	300
Wholesale	500	500	500	0	0
Retail	3200	3200	2900	0	300
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3100	3050	2900	50	200
Government	5550	5450	5500	100	50
Federal	500	500	500	0	0
State	1550	1450	1550	100	0
Local	3500	3500	3450	0	50

Monthly Unemployment Rates

Valdez-Cordova's unemployment rate fluctuates wildly during the course of a year. The winter unemployment rates can be three times as high as the summer rates. During 1985 unemployment peaked at 15.4% in February and fell to a low of 5.4% in August. Fishing, construction and tourism reach their peaks in June-August pulling the rates temporarily below the statewide unemployment rate. The area's unemployment rate climbs again as fast as it falls when the tourists leave and the construction season ends. Some fishing continues through the winter months, but the salmon season dwarfs the winter fishing activity. It is almost a feast and famine atmosphere. Many of Valdez-Cordova's residents earn their livelihood during the summer months, and hope to earn enough income to tide them over to the next employment season.

Current Trends

The unemployment rates for February in the region were mixed. Kenai Peninsula Borough's unemployment rate fell four-tenths of a point to 17.6%. The Valdez-Cordova rate rose one-tenth of a point to 15.8% and Kodiak's rate was the lowest in the region at 7.8%, a drop of 1.1 points.

February's over-the-month wage and salary employment remained essentially flat in the region. Total wage and salary employment over-the-year indicates growth is still taking place in the region. Most of the growth is concentrated on the Kenai Peninsula. In February fish processing employment climbed as the shellfish harvest got busier. Though February's fish processing employment is slightly above year-ago figures, historically it is below average. Prior to the crash of the King crab harvest in 1980, fish processing employment usually climbed above the 2,000 level. During the past 5 years the average has fallen to 1,200.

Southeast Alaska

By John Boucher

Annual Average Unemployment Rate Drops

The annual average unemployment rate for the Southeast region dropped two and three-tenths percentage points in 1985 to 10.2%, a dramatic improvement over the 12.5% rate posted in 1984. Of the six Alaskan labor market areas, Southeast Alaska showed the most improvement in its unemployment rate over the year. Only one region improved more than one percentage point last year, while Southeast improved more than two full points. The change in the unemployment rate for the region was a result of less unemployed in every Southeast census area.

Within the seven census areas of Southeast Alaska, every area showed an improvement of at least one-half of one percentage point. Two areas improved five or more percentage points from 1984 to 1985. The two census divisions showing the greatest improvement in unemployment were the Wrangell-Petersburg census area and the Ketchikan-Gateway Borough census area. Wrangell-Petersburg posted an 11.2% rate in 1985 compared to 16.5% in 1984, and Ketchikan Gateway Borough's unemployment rate improved to 10.0% in 1985 after averaging 15.0% during 1984. The Juneau Borough and Sitka Borough census areas had the smallest improvement in their unemployment rates. Juneau dropped to 8.9% after a 9.6% rate in 1984. Sitka Borough had the smallest improvement in unemployment, falling from 10.1% in 1984 to 9.6% in 1985. Even though these two census areas had the smallest improvement in their annual unemployment rates, Sitka and Juneau continued to have the lowest unemployment rates in the region.

Observers of the Southeast Alaska economy are probably wondering why an improvement in the unemployment rate occurred when the region's economy posted its slowest rate of employment growth in the past several years. To the casual observer, an improved unemployment rate would not be expected during a slowdown in the economy. Comparison of 1984 and 1985 labor force data indicated a declining total labor force and increasing employment, these two factors alone would cause a drop in the unemployment rate. The drop in the total labor force is where the slowdown in the Southeast economy is being manifested.

The slowdown in employment growth during the past year is largely attributable to declining construction employment. From 1980 to 1983 construction employment played a very large part in the growth of the Southeast economy (see last month's *Alaska Economic Trends*). The problem is that construction in Alaska, even during the best of

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	P/	R/		Changes From:	
	2/86	**1/86**	**2/85**	**1/86**	**2/85**
Nonag. Wage & Salary	26850	26650	26400	200	450
Construction	1050	1050	1200	0	-150
Manufacturing	2050	2000	2100	50	-50
Food & Kindred Prod.	450	450	400	0	50
Lumber & Paper Prod.	1400	1350	1500	50	-100
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	1800	1700	1700	100	100
Trade	4150	4250	4050	-100	100
Wholesale	350	350	350	0	0
Retail	3800	3900	3700	-100	100
Finance-Ins. & R.E.	1100	1100	1050	0	50
Mining, Services & Misc.	4300	4300	4200	0	100
Government	12400	12250	12100	150	300
Federal	2000	2000	1950	0	50
State	5550	5500	5550	50	0
Local	4850	4750	4600	100	250

times, is an industry prone to higher than average unemployment among its workers. The manifestation of a thriving construction industry in Alaska could actually be an increased unemployment rate for the area because of the higher expected unemployment of this industries workers.

Another factor that leads to lower unemployment during an extended construction slowdown is the transient nature of the construction work force. Construction industry employees tend to be young and not as attached to the local labor market. These two factors lead to more out-migration from the local labor market during a period of less activity. From 1980 through 1983 many construction workers in Southeast Alaska were unemployed workers from the then depressed construction market in the Pacific Northwest. As construction activity has been curtailed in Alaska and the Northwest's market has improved those with less attachment to the Southeast labor market have folded up their operations and returned south. This is manifested in the shrinking Southeast civilian labor force.

Shrinking labor force and out-migration of some members of the labor force were not the only reasons for improved unemployment in Southeast Alaska. In 1984, the wood processing industry, particularly in the Wrangell-Petersburg and Ketchikan area census divisions, contributed to high unemployment because of mill shutdowns and closures. In 1985 employment in the wood products industry stabilized which contributed to declining unemployment rates.

Current Trends

Southeast Alaska wage and salary employment appears to have hit its low point for the winter and is on the rebound. Employment in Southeast increased in February for the first time since August of 1985. There were 200 more jobs in Southeast Alaska in February than January. Most industries maintained the same level of employment as January with the exception of government. Slight increases in the University of Alaska system and local government employment were responsible for 150 additional jobs in the government sector in February. Retail trade was the only industry to show a decline in employment over the month. Drops in food store, eating and drinking establishments and the all other retail category combined to produce this decline.

Southeast Alaska
Labor Force by Region and Census Division

	Labor Force			Unemployment			Rate			Employment		
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
Southeast Region	32506	32969	32191	3973	4129	3288	12.2	12.5	10.2	28533	28840	28903
Haines Borough	1071	1038	1020	172	138	118	16.1	13.3	11.6	899	900	902
Juneau Borough	12164	12621	12550	1119	1215	1118	9.2	9.6	8.9	11045	11406	11432
Ketchikan Gateway Br.	6870	7222	6841	818	1082	687	11.9	15.0	10.0	6052	6140	6154
Prince of Wales-Outer Ketchikan	2514	2483	2430	457	388	330	18.2	15.6	13.6	2057	2095	2100
Sitka Borough	4082	3972	3959	438	402	381	10.7	10.1	9.6	3644	3570	3578
Skagway-Yakutat-Angoon	2134	1979	1951	429	301	270	20.1	15.2	13.8	1705	1678	1681
Wrangell-Petersburg	3675	3654	3442	541	604	385	14.7	16.5	11.2	3134	3050	3057

	Labor Force			Unemployment			Rate			Employment		
	1980	1981	1982	1980	1981	1982	1980	1981	1982	1980	1981	1982
Southeast Region	29327	29424	30056	2694	3210	3451	9.2	10.9	11.5	26633	26214	26605
Haines Borough	969	932	929	137	124	134	14.1	13.3	14.4	832	808	795
Juneau Borough	10429	10330	11130	761	775	928	7.3	7.5	8.3	9668	9555	10202
Ketchikan Gateway Br.	6172	6744	6598	570	837	817	9.2	12.4	12.4	5602	5907	5781
Prince of Wales-Outer Ketchikan	2158	2263	2225	266	378	376	12.3	16.7	16.9	1892	1885	1849
Sitka Borough	4187	3875	3974	324	358	490	7.7	9.2	12.3	3863	3517	3484
Skagway-Yakutat-Angoon	1974	1786	1785	252	254	242	12.8	14.2	13.6	1722	1532	1543
Wrangell-Petersburg	3437	3494	3415	384	483	464	11.2	13.8	13.6	3053	3011	2951

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 2/86	R/ 1/86	2/85	P/ 2/86	R/ 1/86	2/85	P/ 2/86	R/ 1/86	2/85
Mining	1136.79	1195.03	1351.09	51.0	51.8	53.7	22.29	23.07	25.16
Construction	966.70	883.54	909.09	39.7	38.1	37.8	24.35	23.19	24.05
Manufacturing	521.56	478.82	503.69	42.3	35.6	37.9	12.33	13.45	13.29
Food & Kindred Prod.	351.35	236.46	303.83	42.9	27.4	34.1	8.19	8.63	8.91
Lumber & Paper Prod.	624.59	598.40	606.62	46.3	44.0	40.2	13.49	13.60	15.09
Trans., Comm. & Utilities	580.22	575.46	548.81	36.4	36.7	35.8	15.94	15.68	15.33
Trade	384.29	386.76	390.28	33.1	33.0	33.5	11.61	11.72	11.65
Wholesale	531.74	547.97	509.29	38.7	37.0	38.7	13.74	14.81	13.16
Retail	331.53	329.90	346.97	31.1	31.6	31.6	10.66	10.44	10.98
Finance-Ins. & R.E.	426.46	410.56	432.95	34.7	32.1	35.9	12.29	12.79	12.06

1/ Prepared in cooperation with the Bureau of Labor Statistics, US Department of Labor

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

6/9/86
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MAY 1986
ALASKA ECONOMIC TRENDS

Alaska Department of Labor **Bill Sheffield, Governor, State of Alaska**

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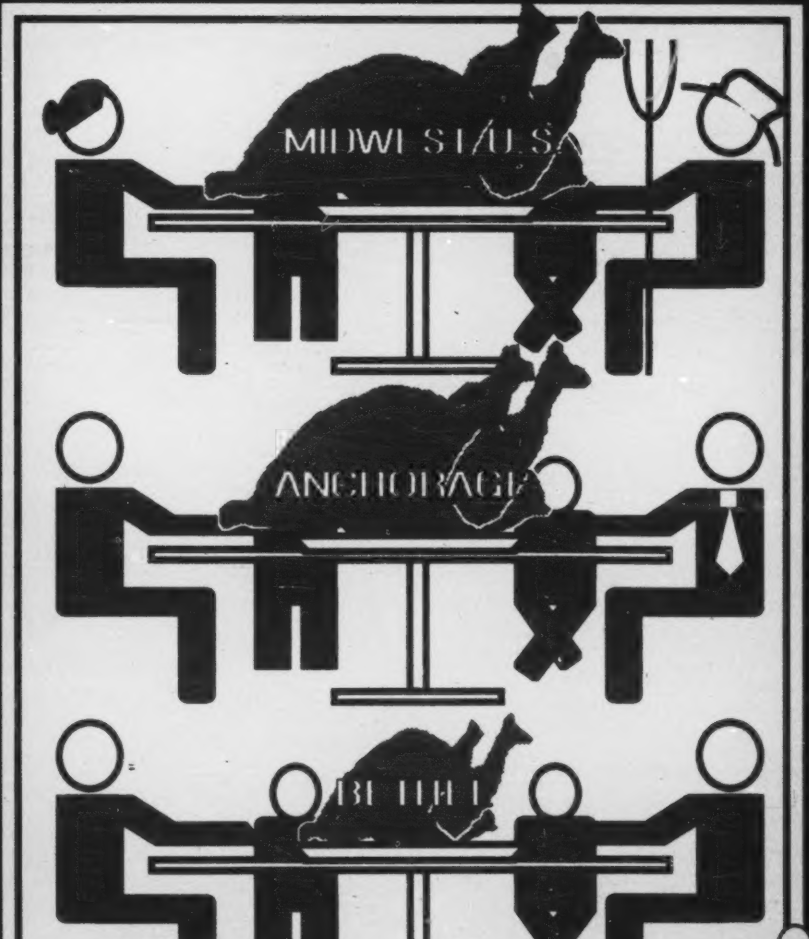
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ANCHORAGE
BETHEL

The Cost of Living in Alaska

Alaska Economic Trends

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

The Cost of Living in Alaska

By John Boucher

Perhaps the question most often asked of Research and Analysis is how much does it cost to live in Alaska compared to my community? or its permutation how much more does it cost to live in Nome than in Anchorage (or Juneau or Kodiak)? The best answer to these questions in every case is that we don't know exact cost of living differentials. What we do know is that it costs more to live in Anchorage than in Seattle, that living costs are generally higher in Alaska's smaller cities than in Anchorage, and that rural Alaska's costs are probably the highest in the nation. Seldom though is the average inquirer satisfied with that answer and understandably so, especially when business and personal decisions hang in the balance. This article is Research and Analysis' annual attempt at answering some of the questions surrounding the cost of living in Alaska.

The inventory of data measuring cost of living differentials between different Alaskan locations and between Alaskan locations and lower 48 locations is scarce. Since our 1985 edition of this article, two additions have been made to available cost of living information and both help to shed light on the cost of living issue. The two additions were the American Chamber of Commerce Researchers Association's (ACCRA) quarterly cost of living index and the recently published study commissioned by the State of Alaska entitled *Alaska Geographic Differential Study, 1985*. The ACCRA index is particularly useful in determining living costs between Alaskan locations and lower 48 locales, while the *Alaska Geographic Differential Study, 1985* is designed to differentiate living costs between Alaskan locations.

ACCRA Index

Each quarter the American Chamber of Commerce Researchers Association gathers prices from more than 200 cities throughout the U.S. and compiles them into the *Inter-City Cost of Living Index*. All items are priced at the local level by Chamber of Commerce research personnel at specified times by standard methodology and then converted to an index number.

The ACCRA index measures relative price differences for consumer goods and services in the participating cities by comparing them to the national average of 100. The 59 items that are priced are limited so the ACCRA does not treat percentage differences between two index numbers as exact cost of living differentials. Differences of three index numbers (e.g. 104 versus 107) are considered to be insignificant and may not correctly show which city is more expensive to live in. If there is a difference of more than three index points it may be considered to represent a difference in cost of living between the two locations but the percentage difference should be considered only an indication of the difference in the cost of living rather than an exact measure. It should be noted that the ACCRA index does not include state and local taxes which in any area are an integral part of the cost of living. ACCRA is aware of this omission, however because of the difficulty of measuring each areas total tax burden taxes are purposely omitted.

Table 1 is excerpted from the fourth quarter 1985 ACCRA index and compares Anchorage and Juneau to 21 other cities in the United States. Data on additional cities in the ACCRA survey is also available. The cities chosen are only a representative sample. With the exception of New York City, the two Alaskan locations were far and away the most expensive of the cities surveyed. In Anchorage, housing costs, health care costs, groceries and miscellaneous goods and services were significantly above the national average, while in Juneau nearly all of the indexes were at least 30% above the national average and health care costs were more than twice the national norm. It should be noted here that the Juneau index was compiled during the first quarter of 1986 by Research and Analysis staff using ACCRA's procedures for developing the index. It is therefore not strictly comparable to the other indexes presented but it does represent a reasonable facsimile of the other indexes. Table 2, with the exception of Juneau, is excerpted from actual price data gathered by ACCRA during the survey and represent the average price for the item during the fourth quarter. Both the index numbers and average prices are published in the *Inter-City Cost of Living Index*. The ACCRA quarterly survey is available directly to those who wish to subscribe at a yearly rate of $75.00. Subscriptions may be ordered by writing to the following address:

Mrs. Alice Klein
ACCRA Project Treasurer
Louisville Chamber of Commerce
One Riverfront Plaza
Louisville, KY 40202

Data for individual cities represented in the survey is available from Research and Analysis, but wholesale duplication of the publication is strictly prohibited.

Alaska Geographic Differential Study, 1985

A comprehensive study of the State of Alaska's geographic pay differentials was commissioned in 1984, at the request of the Alaska Public Employees Association (APEA) and the Alaska Department of

Table 1
ACCRA INTER-CITY COST OF LIVING INDEX
FOURTH QUARTER 1985

Region City, State	All-Items Index	Grocery Items	Housing	Utilities	Trans-portation	Health Care	Misc. Goods & Services
West							
ANCHORAGE, AK	139.4	138.9	178.7	92.3	113.6	178.4	130.2
JUNEAU, AK. 1/	143.7	136.0	140.4 2/	148.6	118.4	233.8	138.7
Denver, CO	108.9	110.3	134.5	73.9	112.9	107.3	100.9
Portland, OR	102.9	107.8	99.1	68.8	117.0	134.9	101.8
San Diego, CA	116.5	97.8	164.5	81.8	108.1	140.5	102.7
Seattle, WA	107.1	110.6	108.2	51.7	118.2	129.4	114.8
Southwest							
Albuquerque, NM	103.3	109.4	113.6	78.7	103.5	109.8	99.6
Dallas, TX	112.5	107.7	120.2	121.9	111.7	115.1	106.0
Oklahoma City, OK	98.1	105.4	92.5	108.1	92.2	94.1	98.0
Phoenix, AZ	107.5	99.6	114.6	101.7	108.2	119.3	105.7
Midwest							
Columbus, OH	100.9	101.3	96.2	107.2	104.1	105.4	99.5
Indianapolis, IN	98.6	99.7	96.9	95.7	109.7	97.9	95.5
Quad-Cities, IA-IL	95.0	91.8	93.4	95.9	107.2	102.2	90.8
St. Louis, MO	97.2	95.1	96.1	95.1	102.5	99.0	97.2
Southeast							
Atlanta, GA	107.7	97.9	119.2	129.0	101.0	101.8	101.3
Birmingham, AL	100.7	93.7	98.0	124.4	101.9	98.0	98.0
Louisville, KY	97.5	100.8	87.1	105.9	96.7	109.2	97.7
Miami, FL	111.7	102.3	114.6	124.2	104.8	121.5	110.9
Atlantic/New Eng.							
Baltimore, MD	104.7	103.4	113.0	95.5	106.0	104.0	102.2
Fall River, MA	104.5	99.1	113.1	124.5	89.9	101.3	100.6
Hartford, CT	112.2	106.2	129.1	121.7	100.3	105.3	106.5
New York, NY	142.5	107.7	190.7	195.7	119.1	159.7	113.4
Philadelphia, PA	116.0	111.9	116.5	150.6	107.1	125.7	106.8

1/ Juneau observations are for 1st Quarter 1986.

2/ Juneau Housing index was not developed exactly according to ACCRA standards, which may account for the differential between the Anchorage and Juneau housing indexes.

Administration, Division of Labor Relations. The pay scale currently in place compensates employees for differences in living costs of Alaska communities based on a 1972 survey. The *Alaska Geographic Differential Study, 1985* was an attempt to update the cost of living information and then restructure the state's geographic pay differentials based upon the new information.

The *Alaska Geographic Differential Study, 1985* divided state em-

Table 3
Geographic Area Cost Differential
1985

Class District	**Differential**
Out of State	
Seattle	.86
Urban	
Palmer/Wasilla	.94
Anchorage (Base)	1.00
Seward	1.00
Sitka	1.01
Kenai/Soldotna	1.01
Ketchikan	1.02
Juneau	1.03
Fairbanks/Fort Yukon	1.03
Intermediate	
Icy Strait/Lynn Canal	1.05
Kodiak	1.06
Cordova/Valdez	1.11
Remote/Rural	
Aleutian Islands	1.26
Wade Hampton	1.26
Bristol Bay	1.29
Yukon Kuskokwim	1.29
Nome	1.33
Bethel	1.39
Barrow/Kotzebue	1.45

Source: *Alaska Geographic Differential Study, 1985*, State of Alaska, Department of Administration, Division of Labor Relations. April 1985.

Table 4
Cost of Food at Home for a Week
Family of 4 with Elementary
School Children

	Cost	**% of Anchorage**
Anchorage	85.67	100%
Bethel	146.02	170%
Dillingham	139.30	163%
Fairbanks	91.72	107%
Homer	113.68	133%
Juneau	91.30	107%
Kenai/Soldotna	91.15	106%
Ketchikan	88.11	103%
Kodiak	112.69	132%
Kotzebue	136.51	159%
Larsen Bay	137.43	160%
MatSu	87.49	102%
McGrath	137.99	161%
Nome	146.81	171%
Sitka	96.42	113%
Tok	120.17	140%
Western U.S.	84.20	98%
Southern U.S.	78.50	92%
Midwestern U.S.	77.30	90%
Northeastern U.S.	85.10	99%

Source: Cost of Food at Home for a Week, University of Alaska, Cooperative Extension Service and United States Dept. of Agriculture.

ployees into 20 different geographic regions, one of which is for out-of-state employees. The 19 in-state regions were chosen because that is the current way in which state employees are divided for the payment of their geographic differential. These boundaries coincide with the election districts in place in Alaska in 1961.

Since the study may affect a large block of state employees compensation, the study is under severe scrutiny by both the state and APEA. The accuracy of the study has yet to be officially confirmed, but it does represent the most recent comprehensive cost of living study that has been performed in the state. The study found that the state could be divided into three groups in terms of cost of living differences; urban, intermediate, and remote/rural.

Table 5
Cost of a "Big Mac" Meal
by Location for Alaska 1/

Location	Big Mac	Large Fries	Medium Drink	Total Meal
Adak	1.99	.99	.85	3.83
Anchorage	1.65	.85	.70	3.20
Eagle River	1.65	.85	.70	3.20
Fairbanks	1.79	.89	.75	3.43
Homer	1.81	.92	.74	3.47
Juneau	1.80	.95	.70	3.45
Ketchikan	1.80	.95	.70	3.45
Kodiak	1.80	.95	.75	3.50
Soldotna	1.76	.89	.71	3.36
Wasilla	1.65	.85	.70	3.20

1/ Prices Surveyed Week of April 7-11.

Table 6
Per Capita Personal Income
by Metropolitan Statistical Area
Including Fairbanks and Juneau
1983

West	
ANCHORAGE, AK	19,188
FAIRBANKS, AK	20,764
JUNEAU, AK	21,253
Denver, CO	15,783
Portland, OR	13,247
San Diego, CA	13,474
Seattle, WA	14,787
Southwest	
Albuquerque, NM	12,305
Dallas, TX	15,861
Oklahoma City, OK	13,201
Phoenix, AZ	13,199
Midwest	
Columbus, OH	12,609
Indianapolis, IN	12,997
Quad-Cities, IA-IL	12,611
St. Louis, MO	13,991
Southeast	
Atlanta, GA	13,848
Birmingham, AL	11,446
Louisville, KY	12,309
Miami, FL	13,249
Atlantic/New Eng.	
Baltimore, MD	13,563
Fall River, MA	12,051
Hartford, CT	15,925
New York, NY	15,076
Philadelphia, PA	13,746
United States	12,772

Source: U.S. Department of Commerce
Bureau of Economic Analysis. April 1986

Of the 19 election districts, Anchorage was considered the basis for comparison, and eight other election districts were found to have approximately the same living costs as Anchorage. Seven election districts were considered to have costs significantly higher than all other districts and three districts had somewhat higher costs than the urban districts but had significantly lower costs than the seven remote/rural districts. Table 3 breaks down the individual districts by category and differential. For further information about the *Alaska Geographic Differential Study, 1985* contact the Alaska Department of Administration, Division of Labor Relations.

Other Available Data

Other data sources are useful in comparing living costs both inside and outside of Alaska. *The Cost of Food at Home for a Week* is published by the University of Alaska Cooperative Extension Service and is funded by the U.S. Department of Agriculture. Table 4 presents the cost to feed a family of four in different Alaskan locales and in four different geographic regions of the U.S. The Alaska observations are for December 1985 and the U.S. observations are for January 1986. The Department of Labor's "Big Mac Meal Index" (Table 5) compares the cost of a McDonald's Big Mac, drink and fries for those Alaska communities with a McDonald's restaurant. Also presented is per capita personal income (Table 6) which compares 1984 per capita income among Metropolitan Statistical Area's included in the ACCRA index.

Summary

Data presented in this article is not intended to provide a comprehensive cost of living comparison either between Alaskan locations or between Alaska and the Lower 48. These data are meant to provide a reasonable idea about what costs could be incurred by locating in different parts of Alaska. Different lifestyles and the peculiarities of individual communities make it nearly impossible to obtain a definitive answer of the cost differentials pertinent to individuals, however: we hope these data provide assistance to individuals or business' evaluation of living cost differentials.

Alaska

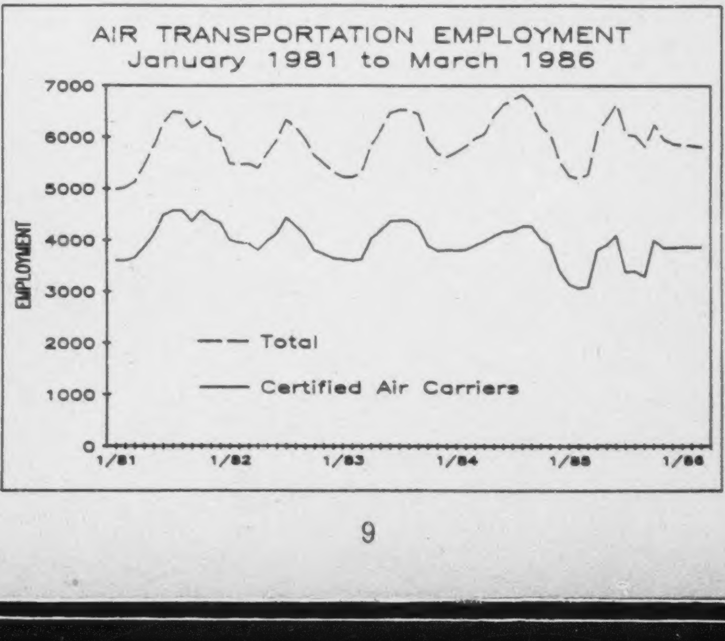
By Edward Eboch

Airline Deregulation

Alaska has experienced both the benefits and costs of airline deregulation. Improved service and cheaper fares to some areas and loss of service to other areas are evidence of a fast changing industry. As a result of entry and exit of firms employment estimates have given indications of declines in employment in 1985 and are now giving indications of rapid increases (see graph). Both estimates are misleading.

The most notable recent change in the airline industry has been the loss of Wein Air service. By late 1984 Wein had stopped serving eleven in-state destinations. While Wein tried to make a comeback in the second quarter 1985, by the third quarter it was again in difficulty, with only about 5% of previous employment. The loss of Wein accounts for much of the decline in employment in late 1984 and 1985 (see graph). As 1985 progressed, air taxi and commuter airlines moved quickly to fill the void left by Wein.

The airline industry is still in the middle of a dramatic change in the way they operate. Air fare wars in Alaska, rare in the past,now seem to be increasing. New competitors are entering an arena already characterized by low margins. Deregulation and postal rules that dispersed rural mail to all certified carriers have resulted in over-service



to some rural areas. The potential reduction of federal subsidies may mean less jet service to some smaller communities. West coast low cost carriers are viewing Alaska as a site for potential extensions of their markets.

With the shakeout still in progress, mergers and failures will occur as smaller operators and high cost operators find themselves unable to face growing competition and costs. While a record tourist season may delay the shakeout, the benefits of the a good tourist season will be offset by reductions in business and state government travel. The industry will be more efficient as a result of these changes which mean little employment growth can be expected over the next few years.

Current Events

Employment in March increased from the previous month but the increase was much less than normal for this time of year. With the late winter snows over much of the state the typical seasonal upswing was either not observed, or was observed to be less than usual, for several industries. Contrary to the typical trend, construction employment declined in March, albeit slightly. Some transportation and trade sectors also suffered slight declines

March was also the first month that the year to year increase in employment did not exceed one percent for some time. While a decline in construction was expected, the size of the decline was partly a result of the unusually late winter. This decline in construction employment offset attractive over-the-year gains in finance, insurance and real estate and in services. Government employment also increased due to gains in federal employment and local noneducational employment.

Table 2
AVERAGE PRICE COMPARISON OF SELECTED ITEMS
ACCRA INTER-CITY COST OF LIVING INDEX
FOURTH QUARTER 1985

Region City, State	1 lb T-Bone Steak	1 lb Ground Beef	½ gal Whole Milk	10 lb Potatoes	1 lb Coffee	5 lb Sugar	2 BR Apartment Rent	House Purchase Price	Total Energy Costs	1 Party Telephone	1 gal Gas	Hospital Room	Office Visit Dentist
West													
ANCHORAGE, AK.	$2.98	$1.24	$1.74	$2.48	$3.94	$2.35	$700	$154,000	$109.85	$10.22	$1.18	$317.50	$51.67
JUNEAU, AK. 1/	$4.99	$1.47	$1.64	$1.81	$4.16	$1.87	$636	$139,360	$172.01	$22.30	$1.40	$350.00	$96.00
Denver, CO	$3.74	$1.19	$1.29	$1.36	$2.64	$1.88	$412	$120,720	$84.82	$11.73	$1.17	$220.00	$33.40
Las Vegas, NV	$3.09	$1.03	$1.05	$1.25	$2.45	$1.49	$409	$92,720	$90.36	$7.48	$1.18	$209.00	$28.20
San Diego, CA	$2.51	$1.06	$1.00	$1.06	$2.46	$1.48	$695	$133,600	$95.97	$10.85	$1.22	$266.75	$44.00
Seattle, WA	$3.66	$1.19	$1.14	$0.72	$2.98	$2.06	$428	$90,000	$51.99	$16.77	$1.24	$241.00	$35.00
Southwest													
Albuquerque, NM	$3.70	$1.36	$1.17	$1.66	$2.89	$1.89	$402	$98,630	$89.17	$13.91	$1.16	$221.60	$35.10
Dallas, TX	$3.78	$1.38	$1.23	$1.50	$2.63	$1.84	$516	$97,326	$146.24	$12.20	$1.13	$193.50	$36.33
Oklahoma City, OK	$3.96	$1.34	$1.05	$1.65	$2.73	$1.66	$355	$76,300	$127.60	$13.20	$1.11	$163.20	$28.00
Phoenix, AZ	$3.41	$1.19	$0.94	$1.13	$2.89	$1.56	$379	$99,924	$120.41	$12.05	$1.18	$218.20	$36.40

Midwest														
Columbus, OH	$4.16	$1.01	$1.14	$0.87	$2.75	$1.68	$311	$80,750	$119.35	$17.50	$1.12	$173.50	$24.60
Indianapolis, IN	$2.94	$1.39	$1.23	$1.61	$2.73	$1.43	$364	$82,260	$105.81	$19.87	$1.16	$219.25	$22.00
Quad-Cities, IA-IL	$3.02	$1.10	$0.97	$1.17	$2.48	$1.46	$341	$79,100	$110.40	$14.98	$1.25	$196.71	$33.90
St. Louis, MO	$3.40	$1.25	$1.12	$1.31	$2.54	$1.28	$351	$82,040	$113.14	$10.64	$1.20	$175.00	$26.00
Southeast														
Atlanta, GA	$3.63	$0.96	$1.48	$1.54	$2.64	$1.86	$395	$105,720	$149.63	$18.79	$1.14	$185.75	$28.00
Birmingham, AL	$3.55	$1.43	$1.19	$1.46	$2.56	$1.33	$333	$86,000	$138.16	$25.20	$1.15	$179.80	$25.25
Louisville, KY	$4.13	$1.27	$1.29	$1.07	$2.41	$1.55	$339	$72,800	$119.94	$18.70	$1.13	$214.20	$27.00
Miami, FL	$4.19	$1.49	$1.29	$0.76	$2.36	$1.37	$470	$94,667	$146.97	$14.77	$1.17	$206.25	$33.33
Atlantic/New Eng.														
Baltimore, MD	$4.45	$1.45	$1.04	$1.17	$2.55	$1.59	$443	$95,040	$105.00	$20.57	$1.14	$240.18	$25.80
Fall River, MA	$3.43	$1.25	$0.97	$0.91	$2.31	$1.61	$410	$96,200	$151.61	$11.07	$1.15	$193.50	$22.80
Hartford, CT	$3.73	$1.31	$1.03	$0.99	$2.47	$1.87	$498	$105,060	$144.58	$13.81	$1.21	$228.00	$26.00
New York, NY	$3.97	$1.49	$1.28	$0.99	$2.49	$1.89	$1,071	$131,000	$235.72	$18.35	$1.19	$211.00	$40.00
Philadelphia, PA	$4.11	$1.47	$1.04	$1.71	$2.62	$1.92	$507	$91,720	$182.92	$12.43	$1.13	$348.60	$32.00
ALL CITIES MEAN 2/	$3.58	$1.19	$1.15	$1.24	$2.60	$1.59	$364	$85,166	$115.73	$14.85	$1.17	$187.47	$28.87

1/ Juneau observations are for 1st Quarter 1986.

2/ All Cities refers to all 249 cities surveyed by ACCRA.

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

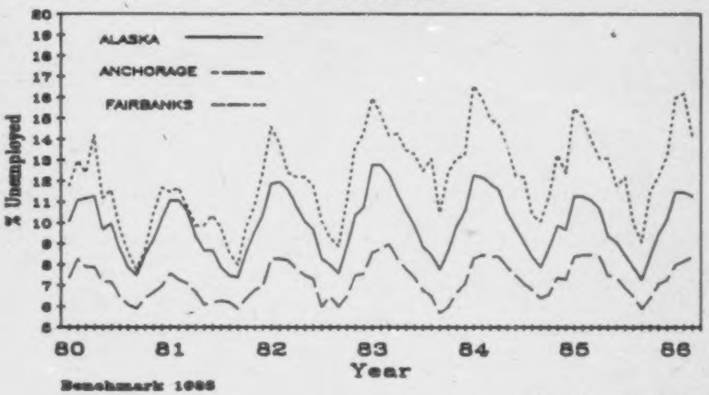
	p/ 3/86	r/ 2/86	3/85	Changes From: 2/86	3/85
Nonag. Wage & Salary	220800	218400	219400	2400	1400
Mining	9200	9200	9400	0	-200
Construction	12300	12500	15500	-200	-3200
Manufacturing	8300	7700	8400	600	-100
Food & Kindred Prod.	3000	2800	3000	200	0
Lumber & Paper Prod.	2000	1700	2100	300	-100
All Other Mfg.	3300	3200	3300	100	0
Trans. Comm. & Utilities	17900	17800	17700	100	200
Trucking & Whseing.	2100	2100	2300	0	-200
Water Transportation	1200	1000	1200	200	0
Air Transportation	5800	5800	5300	0	500
Other Trans. Comm. & Utilities	8800	8900	8900	-100	-100
Trade	44400	44100	43200	300	1200
Wholesale	8300	8300	8400	0	-100
Retail	36100	35800	34800	300	1300
Gen. Mer. & Apparel	5100	5200	4800	-100	300
Food Stores	6200	6100	5700	100	500
Eating & Drinking Pl.	13000	12600	12400	400	600
Other Retail Trade	11800	11900	11900	-100	-100
Finance-Ins. & R.E.	12900	12700	12300	200	600
Services & Misc.	45300	44800	44000	500	1300
Government	70500	69600	68900	900	1600
Federal	18100	17800	17100	300	1000
State	20800	20500	21000	300	-200
Local	31600	31300	30800	300	800

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1985.

p/ Denotes preliminary estimates.
r/ Denotes revised estimates.

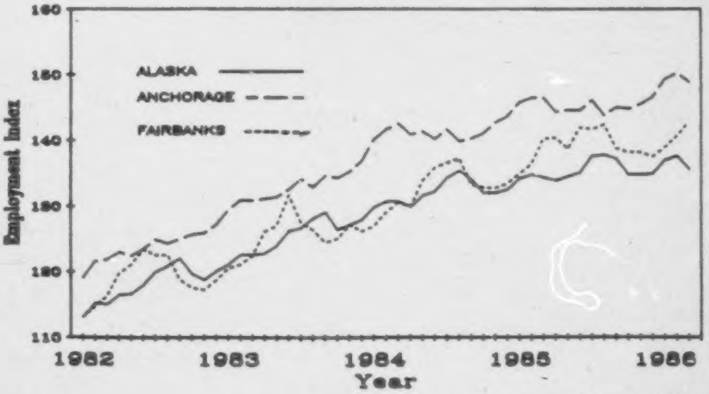
UNEMPLOYMENT RATES
NOT SEASONALLY ADJUSTED
1980 to Present



Benchmark 1985

source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage/MatSu

By Greg Huff

Construction Activity Profile Part II

Last month in the construction activity profile, the current trends in construction employment and building permit data were discussed. Part II of the activity profile will focus on the historical (1980-1985) relationships between these statistics, which then can be used for insights into future construction employment opportunities. Since permits represent construction projects planned for sometime in the future, permit data is a leading indicator of construction employment. However, in the planning stages employment in architecture, engineering, surveying and like industries is impacted prior to acquiring a permit.

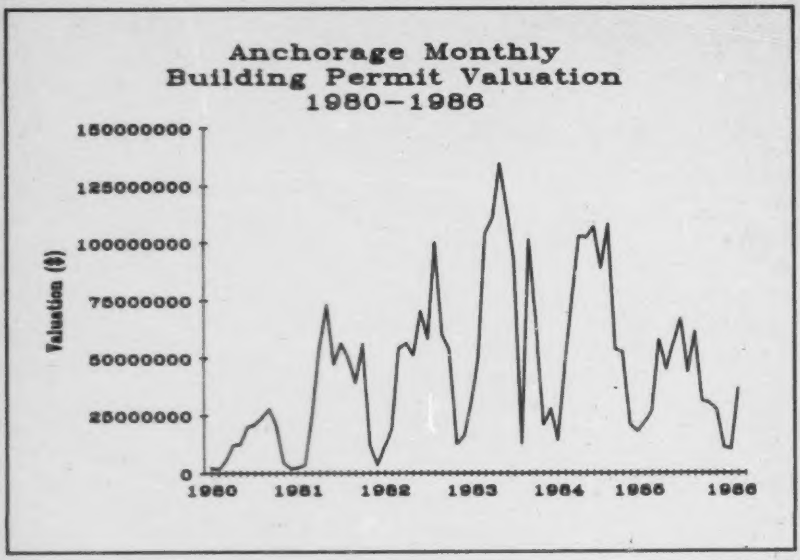
Regression models show that the association between construction employment and permit data are highly correlated. Their trend and seasonal patterns are similar. Indeed, regression model results show that permit data is a good predictor of construction employment, although the trend and seasonal patterns of the permit data tends to be more erratic than construction employment. In general, the greater the number of housing units and dollar valuation of projects indicated by the permit statistics the greater the number of construction jobs.

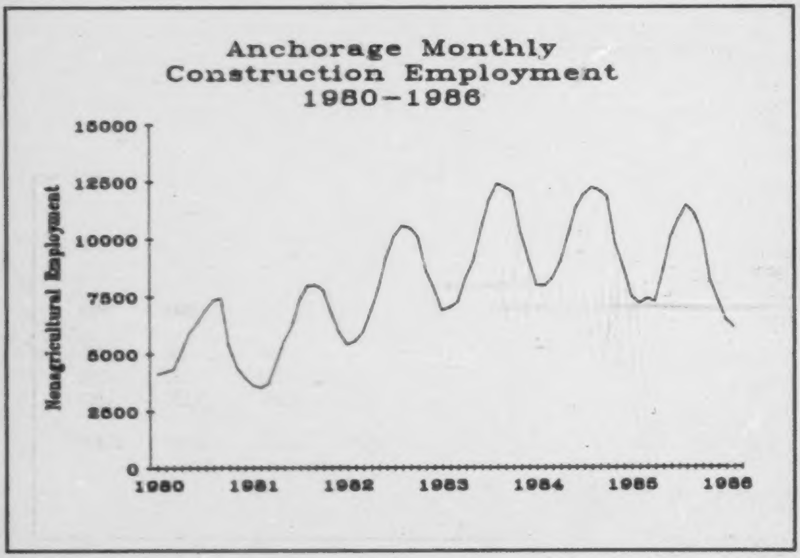
Anchorage Construction Employment
Annual Average 1980-1985
by Major Sector

	1980	1981	1982	1983	1984	1985
General construction	1,076	1,612	2,418	2,908	3,100	2,621
Heavy Construction	1,409	1,187	1,617	1,703	1,592	1,368
Special Trade	2,958	3,102	4,160	5,094	5,393	4,913
Total Construction	5,443	5,911	8,196	9,705	10,086	8,902

Source: Research and Analysis

Construction is the most volatile industry in the Anchorage economy. It has severe seasonal swings in employment as well as extreme reactions to economic cycles. For example, from August of 1985 to March of 1986 construction employment fell over 50%. Some of the decline is due to seasonal fluctuations while some is due to declining construction activity. A normal seasonal fluctuation in construction em-





ployment ranges from 25% to 35%. From 1980 to 1984 construction employment grew at rates as high as 39% and as low as 3.9% but in 1985 fell 11.7%. The trend and seasonal patterns revealed by the permit data are similar to those of construction employment, although the trend and seasonal patterns of the permit data tend to be more erratic. The accompanying graphs illustrates this well.

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 3/86	R/ 2/86	P/ 3/85	R/ 3/86	P/ 2/86	R/ 3/85	P/ 3/86	R/ 2/86	3/85	3/86	2/86	3/85
Alaska Statewide	252600	247702	242293	28602	28538	26917	11.3	11.5	11.1	223998	219164	215376
Anch-MatSu Region	137498	135310	131295	13039	12678	12466	9.5	9.4	9.5	124459	122632	118829
Anchorage Borough	120175	118182	114916	10097	9720	9817	8.4	8.2	8.5	110078	108462	105099
MatSu Borough	17323	17128	16379	2942	2958	2649	17.0	17.3	16.2	14381	14170	13730
Gulf Coast Region	25795	25169	24517	4209	3844	3858	16.3	15.3	15.7	21586	21325	20659
Kenai Peninsula Bor	16480	16031	15377	3128	2841	2599	19.0	17.7	16.9	13352	13190	12778
Kodiak Island Bor	5690	5580	5765	484	437	782	8.5	7.8	13.6	5206	5143	4983
Valdez-Cordova	3625	3558	3375	597	566	477	16.5	15.9	14.1	3028	2992	2898
Interior Region	38416	38083	37226	5341	6045	5137	13.9	15.9	13.8	33075	32038	32089
Fairbanks North Star Bor	31165	30889	30156	4437	4999	4224	14.2	16.2	14.0	26728	25890	25932
Southeast Fairbanks	3085	3061	2964	385	446	345	12.5	14.6	11.6	2700	2615	2619
Yukon-Koyukuk	4166	4133	4106	519	600	568	12.5	14.5	13.8	3647	3533	3538
Northern Region	8313	7987	8382	984	906	845	11.8	11.3	10.1	7329	7081	7537
Kobuk	2616	2523	2644	323	307	286	12.3	12.2	10.8	2293	2216	2358
Nome	3559	3394	3554	499	439	408	14.0	12.9	11.5	3060	2955	3146
North Slope Borough	2138	2070	2184	162	160	151	7.6	7.7	6.9	1976	1910	2033
Southeast Region	32283	31044	30952	4133	4049	3607	12.8	13.0	11.7	28150	26995	27345
Haines Borough	1052	1014	1015	174	172	162	16.5	17.0	16.0	878	842	853
Juneau Borough	12477	11903	11920	1344	1226	1105	10.8	10.3	9.3	11133	10677	10815
Ketchikan Gateway Bor	6831	6627	6600	837	879	778	12.3	13.3	11.8	5994	5748	5822
Pr. of Wales-Outer Ketch	2467	2437	2321	422	476	334	17.1	19.5	14.4	2045	1961	1987
Sitka Borough	3931	3773	3692	446	431	307	11.3	11.4	8.3	3485	3342	3385
Skagway-Yakutat-Angoon	2026	1919	1995	388	349	404	19.2	18.2	20.3	1638	1570	1591
Wrangell-Petersburg	3499	3371	3409	522	516	517	14.9	15.3	15.2	2977	2855	2892
Southwest Region	10295	10109	9921	896	1016	1004	8.7	10.1	10.1	9399	9093	8917
Aleutian Islands	2374	2296	2268	77	74	89	3.2	3.2	3.9	2297	2222	2179
Bethel	4071	4000	3912	425	473	453	10.4	11.8	11.6	3646	3527	3459
Bristol Bay Borough	415	410	396	50	57	50	12.0	13.9	12.6	365	353	346
Dillingham	1770	1769	1728	150	201	191	8.5	11.4	11.1	1620	1568	1537
Wade Hampton	1665	1634	1617	194	211	221	11.7	12.9	13.7	1471	1423	1396

P/ Preliminary   R/ Revised   1985 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Regression models show that permit statistic changes lead construction employment changes by three months. Further evidence suggests the lead varies by type of project. The lag in construction employment changes is shorter for residential projects than for commercial projects. In general the larger the project, the longer it impacts construction employment levels.

Also the changes in construction employment indicated by a change in the dollar valuation varies. During times of rapid construction activity, construction costs tend to go up meaning less work can be done per dollar; but during declines in construction activity, construction costs tend to decline, hence more work can be done per construction dollar. In Anchorage the latter was the case from 1983 to 1986. For example, valuation of permits fell nearly 60% in the last two years, yet has not been matched by equal declines in construction employment.

The relationship between construction permit data and construction employment vary by components of construction employment. For the purpose of this analysis the construction employment and permit data are broken into two major components, residential and commercial. Permit data contains the number of building permits issued, number of housing units and the dollar valuation of the projects.

Residential construction

From 1980 to 1984 residential construction contributed to over 60% of permits and valuation. Hence, the residential construction boom was on one hand a key factor in rapid construction employment growth and on the other hand a primary contributor to declines in construction employment when activity began to slow after the 1983 building season.

The residential permit data is broken into four major components: single family, duplex, multifamily and residential remodel. The single family component was the largest of these, accounting for 30% to nearly 50% of total building permit valuation during any one year from 1980 to 1986. The duplex segment was the smallest component (even smaller than residential remodel). The peak year for duplex construction was in 1982 when it represented 4.2% of the permits and 5% of valuation (23.7 million and 440 units). Whereas, the multifamily peaked in 1983 with 5,364 units (700 permits) totalling $258.9 million, 26% of total permit valuation for that year.

Commercial Construction

When residential construction activity began to subside in 1984 commercial construction was hitting its peak. In 1984 permits for new and remodeled commercial construction projects totaled $409 million (51%

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	p/	r/		Changes From:	
	3/86	2/86	3/85	2/86	3/85
Nonag. Wage & Salary	112400	112000	110500	400	1900
Mining	4350	4300	4350	50	0
Construction	5850	6100	7400	-250	-1550
Manufacturing	2400	2350	2350	50	50
Food & Kindred Prod.	350	350	350	0	0
Other Mfg.	2050	2000	2000	50	50
Trans. Comm. & Utilities	9500	9450	9050	50	450
Trucking & Whseing.	1200	1150	1200	50	0
Water Transportation	300	300	350	0	-50
Air Transportation	3700	3700	3150	0	550
Other Trans. Comm. & Utilities	4300	4300	4350	0	-50
Trade	27100	27150	26050	-50	1050
Wholesale	6250	6250	6350	0	-100
Retail	20850	20900	19700	-50	1150
Gen. Merchandise	1900	1900	1600	0	300
Food Stores	3100	3050	2850	50	250
Eating & Drinking Pl.	7850	7900	7500	-50	350
Other Retail Trade	8000	8050	7750	-50	250
Finance-Ins. & R.E.	8700	8450	8450	250	250
Services & Misc.	27150	27100	26450	50	700
Government	27350	27100	26400	250	950
Federal	10050	10000	9750	50	300
State	7550	7500	7450	50	100
Local	9750	9600	9200	150	550

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

	p/	r/		Changes From:	
	3/86	2/86	3/85	2/86	3/85
Nonag. Wage & Salary	119900	119700	117350	200	2550
Mining	4350	4300	4350	50	0
Construction	6350	6650	8050	-300	-1700
Manufacturing	2450	2450	2450	0	0
Trans. Comm. & Utilities	10150	10100	9650	50	500
Trade	28950	29100	27650	-150	1300
Finance-Ins. & R.E.	9200	8950	9000	250	200
Services & Misc.	28500	28500	27600	0	900
Government	29950	29650	28600	300	1350

of total valuation). With another $360 million in new and remodel commercial building permits issued the prior year and much of the work being done the following year, 1984 was a banner year for commercial construction. Although permit valuation fell by 38% in 1985, the $166 million in projects was higher than the 1982 levels. Regression models show that construction employment is more sensitive to the movement of commercial valuation than to the number of permits issued.

Construction Employment Outlook

Construction employment will continue to decline in 1986. Earlier employment forecasts indicated declines of around 10%, but with the rapid decline in oil prices this appears to be optimistic. The permit statistics are also pointing to a steeper decline in construction. In the last two years the number of permits issued has fallen by over 50% and permit valuation has fallen 59%. Though a construction dollar can do more work in 1986 than in previous years the sharp declines in construction valuation more than offsets the increase in productivity. It appears that construction employment declines will range from 15% to 20% in 1986. Commercial construction activity will decline but will provide for the majority of construction jobs. The residential market will also continue to decline, as construction of multifamily and duplex units fall sharply. The construction of single family home in the higher price ranges appear to be the residential market bright spot.

Current Trends

Anchorage total wage and salary employment began its upward seasonal trend in March as winter layoffs slowed in the construction and trade industries while other industries hired new workers. As summer approaches, the construction and tourist related industries will increase employment levels. Construction employment will not experience increases as large as in the past six years, but tourism is forecast to be exceptional. Tourism will get a boost in 1986 because of improved exchange rates and American tourism to Europe and the Mediterranean is expected to decline.

Over-the-year growth in total employment is still present despite falling oil prices, a poor business environment, and falling construction employment. The 1,900 new jobs over last March represents a growth rate of 1.7%.

Fairbanks/Interior

By Neal Fried

Employment Forecast Update

In the December issue of this publication, a forecast of Fairbanks employment was made for 1986 and 1987. The forecast was produced before we had any inkling of the precipitous decline in oil prices. The assumption was that oil prices would fall, but only gradually, and would remain slightly above the $20 threshold. Because this assumption was clearly incorrect, a second look at the forecast is warranted.

In December, it was forecast that employment in Fairbanks would grow by 3% in 1986. Even in light of the dramatic declines in state oil revenues, employment is still forecast to grow in 1986, though far less vigorously than previously forecasted. During the past 5 years Fairbanks employment has grown 6.8% per year. Employment will grow by less than a third that rate in 1986.

Industry Outlook

There were industries that were forecast to grow or remain flat in the December forecast that will either decline or not grow as a result of falling oil revenues. Construction employment was forecast to remain flat, but it appears construction employment will decline in 1986. Both commercial and residential construction reached their peaks in 1985 and will both decline in 1986. These sectors are presently overbuilt. Public construction will also be somewhat slower this year. Fairbanks' state fiscal 1986 capital budget was significantly smaller than previous years, and given the present oil price collapse, the FY 1987 capital budget will also be far smaller. Military related construction will be approximately $5 million dollars higher in 1986, not a large enough increase to offset the losses in the other construction sectors. For workers in this industry, it will mean employment opportunities will be the worst they have been in five years.

Local and state government was expected to increase employment in Fairbanks in 1986. Presently it appears state and local government will remain flat in 1986. There may be some small layoffs during the latter part of 1986 but these will be offset by gains made earlier in the year.

Nineteen eighty-six was forecast to be one of the busiest years the North Slope has had in many years. The sudden drop in oil prices has meant that some planned activity will be curtailed. This means fewer Fairbanks residents will be working on the Slope than expect-

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

				Changes From:	
	p/ 3/86	r/ 2/86	3/85	2/86	3/85
Nonag. Wage & Salary	28200	27600	27750	600	450
Mining	100	100	150	0	-50
Construction	2150	1900	2450	250	-300
Manufacturing	550	550	500	0	50
Trans. Comm. & Utilities	2750	2700	2800	50	-50
Trucking & Whseing.	500	450	550	50	-50
Air Transportation	850	850	850	0	0
Other Trans. Comm. & Utilities	1400	1400	1400	0	0
Trade	5850	5800	5700	50	150
Wholesale	950	950	1000	0	-50
Retail	4900	4850	4700	50	200
Gen. Mer. & Apparel	550	550	500	0	50
Food Stores	750	750	750	0	0
Other Retail Trade	3600	3550	3450	50	150
Finance-Ins. & R.E.	1050	1050	950	0	100
Services & Misc.	5900	5750	5550	150	350
Government	9850	9750	9650	100	200
Federal	2650	2650	2550	0	100
State	4250	4200	4200	50	50
Local	2950	2900	2900	50	50

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

				Changes From:	
	p/ 3/86	r/ 2/86	3/85	2/86	3/85
Nonag. Wage & Salary	31650	31050	31400	600	250
Mining	250	200	250	50	0
Construction	2200	2000	2500	200	-300
Manufacturing	550	550	550	0	0
Trans. Comm. & Utilities	3000	2950	3050	50	-50
Trade	6250	6200	6050	50	200
Finance-Ins. & R.E.	1100	1100	1000	0	100
Services & Misc.	6100	5950	5850	150	250
Government	12200	12100	12150	100	50

ed and fewer supplies will be demanded from local business. Retail trade and service employment will continue to grow through 1986, though slightly less than forecast because of the poor outlook for construction, government, and North Slope activity.

Fairbanks' Alternative

The military expansion will help stave off some of the oil related declines in Fairbanks economy in 1986. Though it appears the big push of military construction and troop levels will not occur until 1987, the activity that will occur is psychologically very important for Fairbanks' economy. Consumer and business confidence will be less adversely affected as elsewhere in the state, where there is little on the economic horizon that will offset the loss of oil revenues in the short term.

Current Trends

Fairbanks' unemployment rate indicates an economy coming out of the winter doldrums. March's unemployment rate fell to 14.2% from 16.2% in February. Last year's March unemployment rate was 14.0%. Though the rate has improved, it remains almost 3 points above the statewide rate of 11.3% and double the national rate (7.1%).

Wage and salary employment picked up in March. A gain of 650 jobs was recorded this month. Five out of Fairbanks eight industries remain on the plus side when compared to last years levels, for a total gain of 450 jobs. Construction is one of the industries which has lost employment. It appears construction employment levels will remain below year-ago levels through the remainder of the year.

Gulf Coast

By Neal Fried

Homer - Still On The Move

Unlike the anemic growth that was posted in most of the state during the past year, Homer's economic picture was quite different. Employment in Homer grew 7% in 1985, compared to 2% statewide. During the past five years Homer's employment grew by 42%. Counted in jobs, more than 520 new jobs have been created in Homer since 1980. This compares to 32% job growth statewide, a full ten percentage points below Homer's rate. With the present slide in oil prices, many economy watchers are forecasting employment losses statewide, but Homer will elude this fate.

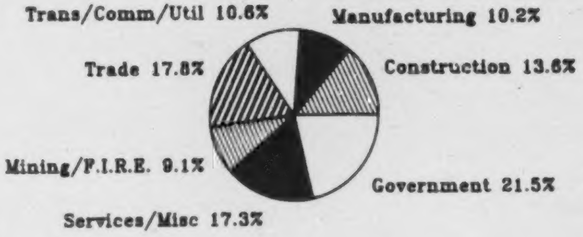
Homer posted these employment gains in spite of the fact that fishing, its largest industry, has been disappointing. Employment in this industry has actually declined rather precipitously because of poor king crab and shrimp harvests. Employment in Homer's canneries fell from the 300 level in 1980 to just under 200 in 1985. Recent good dungeness crab and salmon harvests have been able to cushion some of this decline. No up-to-date fish harvesting employment statistics specific to Homer are available, but fish harvesting employment has also suffered from declining shell fish harvests. Fishing remains the areas single largest employer, but other industries have been able to more than make up for these losses.

Homer
Wage and Salary Employment
1980-1985*

	1980	1985
Total	1,239	1,796
Mining	**	**
Construction	69	244
Manufacturing	313	183
Trans. Comm. & Utilities	186	190
Trade	203	319
Finance-Ins. & R. E.	**	**
Services & Misc.	186	310
Government	222	386
Federal	31	39
State	4	19
Local	188	328

*1985 data is based on nine months of data.
**Nondisclosable

Homer Employment by Industry 1985*



*based on 9 months of data

Nonagricultural Wage and Salary Employment By Place of Work Gulf Coast

	p/ 3/86	r/ 2/86	3/85	Changes From: 2/86	 3/85
Nonag. Wage & Salary	18750	18800	18350	-50	400
Mining	750	750	750	0	0
Construction	1350	1500	1450	-150	-100
Manufacturing	1750	1850	1800	-100	-50
Food & Kindred Prod.	1100	1200	1150	-100	-50
All Other Mfg.	650	650	650	0	0
Trans. Comm. & Utilities	1750	1700	1750	50	0
Trade	3700	3700	3450	0	250
Wholesale	500	500	500	0	0
Retail	3200	3200	2950	0	250
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3100	3100	2900	0	200
Government	5700	5550	5600	150	100
Federal	550	500	500	50	50
State	1550	1550	1650	0	-100
Local	3600	3500	3450	100	150

Anchorage Building Permit Statistics 1/
By Major Type (1980-1985)

Permits/valuation	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**
Single family	785	1,785	2,705	3,612	2,615	1,466
valuation $	70,629,848	163,426,669	213,110,390	319,373,866	241,433,076	153,849,034
Duplex	53	153	220	147	146	69
valuation $	6,094,902	17,090,797	23,713,432	18,971,691	20,045,722	11,034,664
Multi-family-31	132	271	700	274	151	
number units	180	472	1829	5364	1702	830
valuation $	10,369,117	45,367,999	99,285,879	258,916,467	98,967,504	52,189,754
Commercial	66	124	236	355	319	187
valuation $	33,235,135	143,980,980	153,964,216	275,765,025	270,771,252	165,700,528
Res. remodel	559	790	1073	1167	1016	904
valuation $	8,005,700	16,953,363	19,606,103	20,793,578	22,695,142	21,623,522
Comm. remodel	301	395	568	808	862	810
valuation $	25,868,482	35,649,555	50,572,369	84,716,101	138,600,201	77,073,859
Total	2,114	3,903	5,441	6,812	5,232	3,587
valuation $	54,448,434	424,866,433	562,756,126	1,001,288,077	792,512,847	481,471,975

Source: Municipality of Anchorage: *Building Safety Activity Report.*

1/ The permit statistics produced by the Municipality of Anchorage does not include road, highway or other heavy construction projects and military construction. These segments are expected to remain stable in 1986.

State oil revenues have boosted some of the city's industries, particularly construction and government. Over the past 5 years construction employment in Homer has more than tripled. State capital dollars have built new port facilities, schools, roads, and many other local projects. Homer recorded construction gains in 1985, when most of the state's construction industry was suffering losses.

Homer may have another good construction year in 1986 because work will begin on the $356 million Bradley Lake Dam project. It is too early to determine the degree of impact this project will have on the city's economy. It will depend on whether Homer residents find employment with the contractors building the dam. Providing logistical support and supplies to the dam project will also provide economic opportunities to Homer. The City of Homer has plans for this years construction season to be equally as busy as last years. Residential construction will decline because the Homer housing market has softened considerably.

Government has added about 150 jobs over the past five years. Most of the growth has come in the local government sector. This has been necessary because of the communities rapid population growth, and has been possible as additional state funds have been made available to the City of Homer and the Kenai Peninsula Borough.

Tourism

As one of Alaska's premier tourist meccas, Homer has been able to take advantage of Alaska's burgeoning population and growth in the number of non-Alaskan tourists visiting Alaska. Homer is home to Alaska's largest charter boat fleet and provides numerous other recreation opportunities to state residents and non-Alaskans. Though we don't have employment numbers specific to the tourist industry, the effect of this industry is particularly felt in the trade and service sectors, two industries that have grown rather dramatically. Together these industries employ 34% of Homer's wage and salary employment and have added 148 new jobs over the past five years.

Future Prospects

Homer will have employment gains this year. Tourism looks good, construction will be fair, and a very strong salmon harvest is expected. Falling state revenues will not, however, leave Homer unaffected. The Bradley Lake project will keep capital construction dollars flowing into the area for a number of years. However, operating revenues for the city, the Kenai Peninsula Borough, and local state offices will be affected by the loss of state funds. Many of Homer's tourists originate from elsewhere in Alaska, more specifically Anchorage, which is already feeling the effects of falling oil prices. This could mean this share of Homer's tourist trade will not grow as it has in the past, nor will it have the income to spend. This could curtail growth of this local industry.

Though Homer will not escape the oil revenue decline unscathed, it may be positioned to do better than many other areas in the state. Its diversification, particularly its fishing and tourist industries may provide a buffer against a loss in employment elsewhere. Unlike many communities, Homer's population does not grow because of economic opportunities only. Its mixture of natural beauty and life styles also provides a strong attraction to many people. Its large artistic community may be an expression of this appeal. Though this type of attraction induced growth cannot be readily measured, it appears Homer's economy will continue to benefit from this phenomenon.

Current Trends

The Kenai Peninsula Borough has the distinction of having the second highest unemployment rate in the state in March. The March unemployment rate of 19% was more than 2 points above year-ago's level. A slower construction season and a more sluggish employment picture is pushing the area's unemployment rate upwards.

Kodiak's unemployment rate of 8.5% in March is a vast improvement compared to last March's unemployment rate of 13.5%. This improvement is not due to a major rebound in the area's economy. Some of the unemployed have found employment but others have left the area, effectively lowering the labor force, thereby lowering the unemployment rate.

Southeast Alaska

By John Boucher

1986 Public Construction Solid

As the summer construction season approaches, apprehension has been expressed about the possibility of a lean year for Southeast Alaska construction. For the past five years, construction in Southeast Alaska has been a major source of employment growth. In 1980, construction accounted for 4.5% of all jobs in Southeast Alaska on an annual basis, by 1983 this had jumped to 7.0%, a gain of 805 jobs. Construction employment fell off slightly in 1984 to 6.3% of employment and figures through the third quarter of 1985 indicate construction employment near 1700 jobs and between 5.5% and 6.0% of total Southeast Alaska employment. While there is a clear trend in Southeast toward contracting construction employment, there is still a greater number of construction jobs in Southeast Alaska than there was five years ago, and preliminary indications are that 1986 will be no exception.

The public construction sector, primarily funded by state petroleum revenue, has been one of the reasons for the construction boom in the last five years. Recent announcements of falling oil revenues have prompted industry watchers to predict a dramatic drop in 1986 construction employment because the state's source of revenue is rapidly declining. A check with both city and state officials indicate that public construction in their areas in terms of dollars spent will be at least as good as last year and in some cases better. Following is a inventory of public construction projects on stream for the summer.

Juneau:

Public construction in the capital city looks to be booming in 1986. According to city officials, during the last five years an average of $8 to $9 million dollars a year has been spent on construction projects. Should every project fall into place this year, Juneau could spend nearly $40 million on construction projects. Big ticket items include $11 million for the Mendenhall Treatment Plant, $3.7 million for the Douglas Fire Hall/Library, and $5 million for the continuation of the valley water and sewer system. Should the Bartlett Memorial Hospital expansion begin, that project would inject another $13 million into an already good construction season.

Ketchikan:

The City of Ketchikan's major projects for the summer is the Schoenbar Intertie, with a price tag of near $2.5 million. A new mental health

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

				Changes From:	
	p/ 3/86	r/ 2/86	3/85	2/86	3/85
Nonag. Wage & Salary	27600	26800	27500	800	100
Construction	1150	1000	1450	150	-300
Manufacturing	2400	2100	2550	300	-150
Food & Kindred Prod.	500	450	500	50	0
Lumber & Paper Prod.	1700	1450	1850	250	-150
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	1850	1800	1750	50	100
Trade	4250	4150	4150	100	100
Wholesale	350	350	350	0	0
Retail	3900	3800	3800	100	100
Finance-Ins. & R.E.	1100	1100	1050	0	50
Mining, Services & Misc.	4350	4300	4250	50	100
Government	12500	12350	12300	150	200
Federal	2050	2000	1950	50	100
State	5650	5550	5650	100	0
Local	4800	4800	4700	0	100

facility and alcohol and substance abuse facility could add $1.2 million. Cemetery upgrades, an airport project, street improvements and building maintenance projects all will add to construction employment. Officials say Ketchikan public construction employment should be at least as good as 1985 and possibly better.

Sitka:

Of the cities contacted, only Sitka appeared to anticipate a down year for public construction. The Whitcomb Heights road project, a senior citizens activity center, and some smaller water and sewer projects are the big municipal activities planned. Total projects are anticipated to be $1.8 million, but if a proposed bond sale for airport expansion is approved by the assembly, construction monies could double and match 1985's construction spending.

Wrangell/Petersburg:

Wrangell and Petersburg both look to match last year's construction spending and both communities' big ticket items are the second phase of school construction projects. Petersburg is converting its former high school into a middle school, while Wrangell is continuing its high school project. Projects expected to be on line this summer in Petersburg include the Scow Bay area road project, downtown street improvements and pool, hospital and dock improvements. Wrangell will have the completion of the public safety building, the Bennett Street water and sewer extension, removal of the old wharf, and paving of Zimovia Highway.

State Funded Projects

The Department of Transportation and Public Facilities Southeast Region reports that projects already in the construction phase are about 93% of last year's total dollar amount spent on construction. Among the big ticket items are the Juneau Pioneers Home, a $9.3 million dollar project, continuation of the upgrade of Mt. Edgecumbe schools, and the Ketchikan dry docking facility. The following table compares expenditures in 1985 compared to projected expenditures for 1986.

Southeast Alaska Region
Alaska Department of Transportation
Construction Expenditures
1985 and 1986
(in millions)

Mode	1985	Projected 1986
Highways	20.2	17.7
Aviation	2.8	5.2
Harbors	2.8	2.2
Buildings	13.7	11.8
Total	39.5	36.9

Source: Alaska Department of Transportation and Public Facilities.

Other Projects

The federal government, particularly the U.S. Forest Service, is a big source of Southeast Alaska construction monies. Construction projects for the Forest Service are expected to top $26 million this year. Over $25 million will go to the construction of roads within the Tongass National Forest, $14.2 million into road purchaser credits and Forest Service augmentation, and $11.1 million to the Tongass road construction program. $1.1 million will be spent primarily on bridge construction. The Forest Service also expects to spend $1.7 million on facilities, the biggest of which are a ranger station and marine facility in Wrangell and a crew quarters in Hoonah.

The Bureau of Indian Affairs (BIA) and the U.S. Coast Guard are also planning construction activity during the summer. The Coast Guard's two biggest projects are docks in Ketchikan and Sitka; between the two projects $1.2 million will be spent. The BIA program, which provides roads to villages, is anticipating $1.5 million in new construction for projects at Kasaan, Kluckwan, and Saxman. In conjunction with the Department of Housing and Urban Development (HUD), the Tlingit and Haida Regional Housing Authority is expecting to spend $1.8 million on the renovation of existing native housing and $5.6 million on low income and elderly housing units in Kake, Klawock, Saxman and Angoon.

Summary

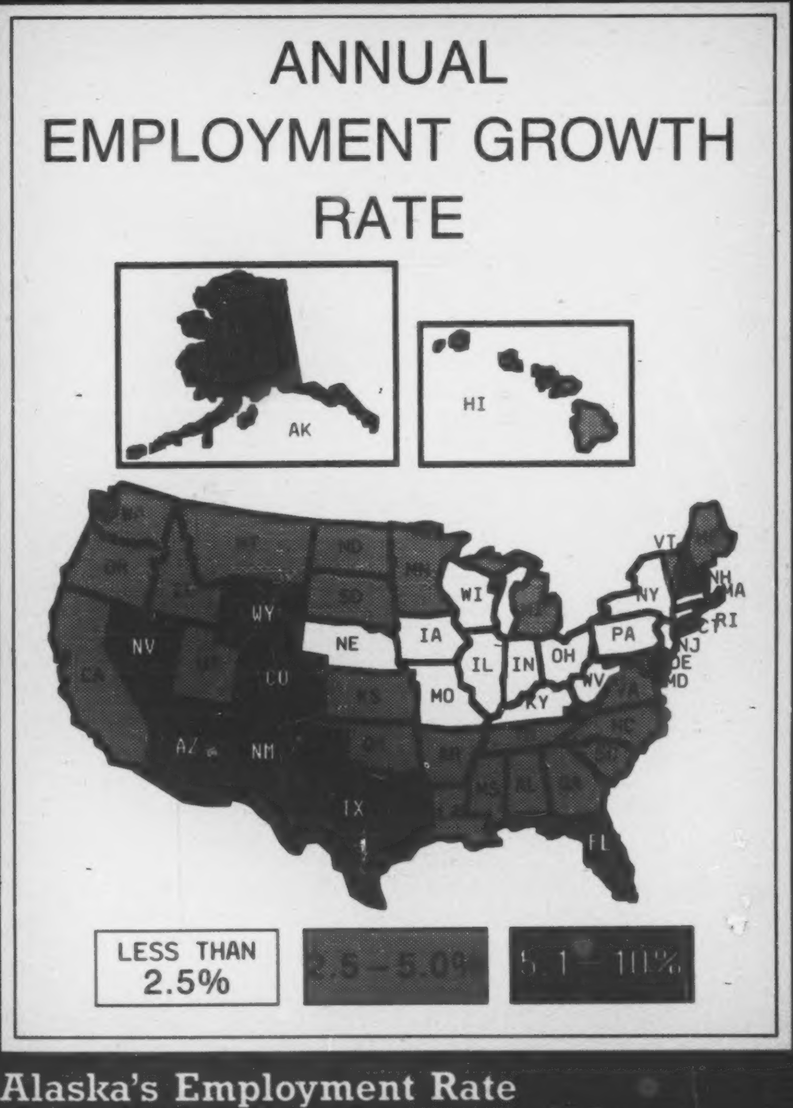
Although residential and commercial construction are expected to be curtailed this summer due to the uncertainty of the long term outlook in the Southeast economy, 1986 construction looks to be a very respectable year. All of the agencies contacted expected a drop in construction in 1987; however, the outlook for 1986 looks to be another solid year for construction employment.

S0320-1

JUNE 1986

ALASKA ECONOMIC TRENDS

Alaska Department of Labor Bill Sheffield, Governor, State of Alaska


ANNUAL EMPLOYMENT GROWTH RATE
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WY
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CO
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NM
TX
FL
LESS THAN 2.5%
2.5 - 5.0%
5.1 - 10%

Alaska's Employment Rate
Growth Number One

Alaska Economic Trends

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

Judy Knight, *Director, Administrative Services*
Chuck Caldwell, *Chief, Research and Analysis*
Edward Eboch, *Editor*

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

U.S. Employment Growth Rates: Alaska's Rate is Number One

By Neal Fried, Greg Huff and Judy Hallanger

From 1970 to 1985 employment in Alaska has grown four times more rapidly than for the United States. During this period Alaska's employment grew 10% per year compared to 2.5% nationwide. If the past five years (1980-1985) were used as a measuring stick, the gap is even wider. Employment in Alaska grew 35%, while the nation's employment increased 8%. This article will examine industry trends and compare Alaska to other states and to the nation.

Industry Trends

Though Alaska's employment growth has been far more dramatic than the nation's, many industry trends have been similar. In Alaska and nationally the secondary industries sector has registered strong growth. The secondary industries include retail trade; finance, insurance and real estate; and the service industries. This illustrates both the nation's and the state's move towards a more service oriented economy. It has been estimated that more than 90% of the nation's new jobs during the next twenty years will be in the secondary industries.

Mining and construction employment growth in Alaska was much stronger than nationally. Over the five year period 1980-1985, mining employment in Alaska grew 40% compared to a 5.6% decline nationwide (see Table 1). Alaska's mining employment growth was driven by oil during this period while the nation's mining employment decline was a result of a severely depressed hard rock industry. During the 1970-1985 period the national mining picture was more positive, growing by 56%, but was still less than Alaska's 214% (see Table 2).

Construction employment in Alaska grew ten times as fast as it grew nationally during the 1980-1985 period. Dramatic increases in population and state government capital construction dollars fueled this growth. From 1970-1985, government employment increased nationally by 20% while in Alaska it increased by 92%. During the past five years, government employment nationwide increased by less than 1% contrasted to the 24% increase in Alaska. The growth in Alaska was predominantly in the local and state sectors, an expression of Alaska's new found oil wealth and rapidly growing population. (federal government increased slightly when adjustments are made for the transfer of the Alaska Railroad from the federal government to the state.)

Table 1
Percent Change in Employment by Industry
U.S. and Alaska
1980-1985

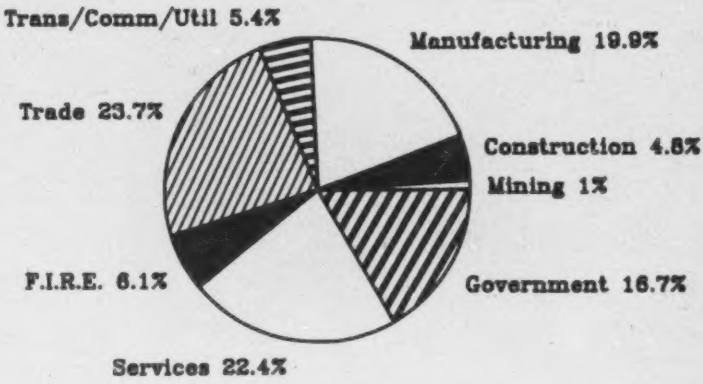
	U.S.		Alaska	
	Total Percent Change	Annual Growth Rate	Total Percent Change	Annual Growth Rate
Total	8.1%	1.6%	35.2%	7.0%
Mining	-5.6%	-1.1%	40.3%	8.1%
Construction	7.2%	1.5%	75.5%	15.1%
Manufacturing	-4.2%	-0.9%	-15.7%	-3.1%
Trans/Comm/Util	3.0%	0.6%	11.0%	2.2%
Wholesale Trade	9.4%	1.9%	58.2%	11.6%
Retail Trade	15.9%	3.2%	58.0%	11.6%
Finance/Ins/Real Est.	14.8%	3.0%	58.0%	11.6%
Services	22.6%	4.5%	50.3%	10.1%
Government	0.3%	0.1%	24.0%	4.8%
Federal	0.3%	0.1%	-0.6%	-0.1%
State	4.7%	0.9%	31.8%	6.4%
Local	-1.3%	-0.3%	38.5%	7.7%

Table 2
Percent Change in Employment by Industry
U.S. and Alaska
1970-1985

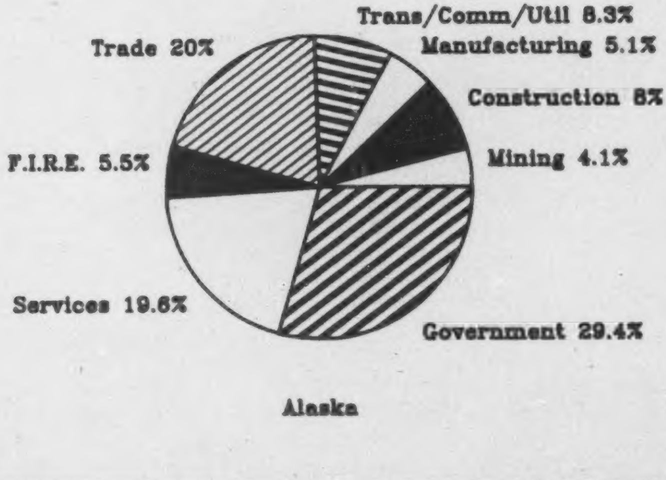
	U.S.		Alaska	
	Total Percent Change	Annual Growth Rate	Total Percent Change	Annual Growth Rate
Total	37.8%	2.5%	150.3%	10.0%
Mining	55.5%	3.7%	214.0%	14.3%
Construction	29.9%	2.0%	169.8%	11.3%
Manufacturing	0.3%	0.0%	50.5%	3.4%
Trans/Comm/Util	17.4%	1.2%	109.7%	7.3%
Wholesale Trade	44.5%	3.0%	168.2%	11.2%
Retail Trade	57.7%	3.9%	210.4%	14.0%
Finance/Ins/Real Est.	62.5%	4.2%	313.2%	20.9%
Services	89.9%	6.0%	290.4%	19.4%
Government	20.2%	1.4%	91.6%	6.1%
Federal	5.3%	0.4%	2.9%	0.2%
State	41.9%	2.8%	95.9%	6.4%
Local	34.7%	2.3%	273.9%	18.3%

Figure 1

Industry Share of Total Employment U.S. and Alaska, 1985



U.S.



Alaska

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 3/86	**R/ 2/86**	**P/ 3/85**	**R/ 3/86**	**P/ 2/86**	**R/ 3/85**	**3/86**	**2/86**	**3/85**
Mining	1237.55	1179.12	1203.40	53.0	51.4	51.1	23.35	22.94	23.55
Construction	931.20	911.27	1034.15	40.0	39.5	43.0	23.28	23.07	24.05
Manufacturing	527.39	523.18	523.38	43.3	42.5	39.5	12.18	12.31	13.25
Food & Kindred Prod	323.68	311.58	315.49	44.4	42.8	36.6	7.29	7.28	8.62
Lumber & Paper Prod	672.74	645.89	609.51	46.3	46.5	41.1	14.53	13.89	14.83
Trans., Comm. & Utilities	557.28	547.71	574.53	36.4	36.2	36.9	15.31	15.13	15.57
Trade	379.95	383.79	381.47	33.3	33.2	33.2	11.41	11.56	11.49
Wholesale	499.34	528.07	504.38	37.8	37.8	37.5	13.21	13.97	13.45
Retail	335.91	332.12	336.22	31.6	31.6	31.6	10.63	10.51	10.64
Finance-Ins. & R.E	393.43	397.51	419.85	33.8	34.9	36.7	11.64	11.39	11.44

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

A Contrast In Industry Mix

Both the similarities and major differences between the nation's employment and Alaska's are illustrated by the industry mix shown in Figure 1. Nationally the mining industry represents only 1% of the work force compared to 4% in Alaska. This is because of the presence of the oil industry in Alaska, the second largest oil producing state in the nation. Construction's 8% share of total employment in Alaska is also notably larger than its 5% share nationwide.Manufacturing's share of total employment is dramatically different. Nearly 20% of the nation's workforce is employed in manufacturing compared to 5% in Alaska. Alaska manufacturing employment is largely limited to fish processing and lumber. Manufacturing employment is low because of Alaska's distance from national markets, its small population, and its high labor costs. Given the geographic dispersion of Alaska, a larger share of Alaska's employment is devoted to the transportation, communications and utilities industry, 8% versus 5% nationally.

Government also represents a significantly larger share of employment in Alaska than nationwide. Federal and state government's share of total employment are more than twice the national average. A large military presence, large federal land holdings, oil wealth and the geographic size of the state have contributed to government's importance in Alaska. Local government in Alaska also occupies a larger share of total employment than nationally, but to a smaller degree.

Retail trade; finance, insurance, and real estate; and services employment in Alaska resemble the national picture more closely. In all three cases the percent share in Alaska is smaller, but over time the percent share in each industry has moved closer to the national norm, and given these industries historically strong growth rates, they should eventually approach the national share.

Alaska Compared to Other States

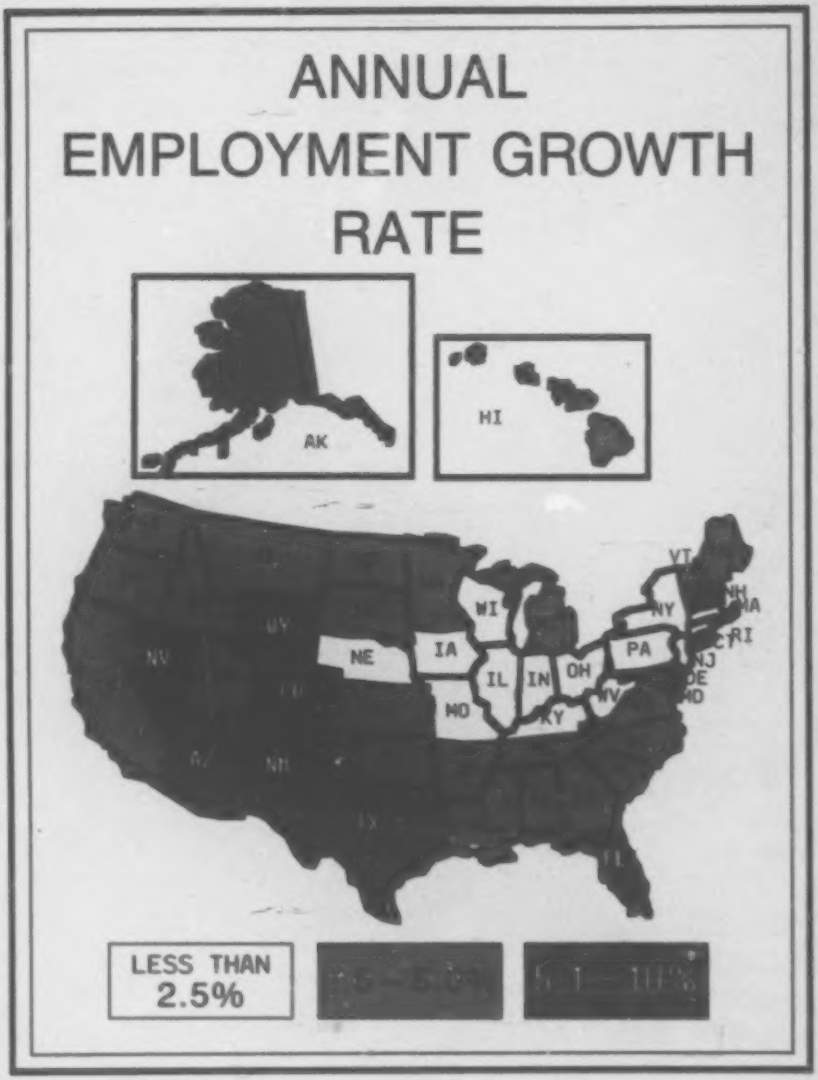
Alaska's employment levels were the smallest in the nation in 1970; but grew faster than employment levels in any other state from 1970 to 1985 so that by 1985 Alaska's employment levels were larger than those of two other states. During this period Alaska was the only state to average double digit employment growth rates. The 10% average annual growth rate was one percentage point greater than the next fastest growing state, Arizona, and was twice that of over 80% of the states (see Table 3).

With Alaska leading the pack, four out of the five fastest growing states from 1970 to 1985 were from the western region of the U.S. (see Figure 2). However, the fifteen year time frame masks cyclical employment trends. During the more recent period of 1980 to 1985, Alaska's em-

Table 3
Employment Growth by State and U.S. Average
1970-1985 and 1980-1985

	1970-1985			1980-1985		
	Total Percent Change	Annual Growth Rate	Rank	Total Percent Change	Annual Growth Rate	Rank
U.S. Average	37.8%	2.5%		8.1%	1.6%	
West	65.1%	4.3%		10.7%	2.2%	
ALASKA	150.3%	10.0%	1	35.2%	7.0%	1
Arizona	133.6%	- 8.9%	2	26.0%	5.2%	2
California	57.9%	3.9%	15	11.3%	2.3%	15
Colorado	89.6%	6.0%	6	13.7%	2.7%	7
Hawaii	43.9%	2.9%	24	4.4%	0.9%	30
Idaho	62.5%	4.2%	12	2.4%	0.5%	37
Montana	39.7%	2.7%	32	-0.7%	-0.1%	46
Nevada	119.7%	8.0%	3	11.5%	2.3%	13
New Mexico	76.8%	5.1%	9	11.4%	2.3%	14
Oregon	44.7%	3.0%	23	-1.5%	-0.3%	47
Utah	74.1%	4.9%	10	13.4%	2.7%	9
Washington	58.3%	3.9%	14	6.2%	1.2%	27
Wyoming	89.8%	6.0%	5	-2.4%	-0.5%	49
South	59.7%	4.0%		11.2%	2.2%	
Alabama	40.7%	2.7%	29	4.9%	1.0%	29
Arkansas	49.3%	3.3%	21	7.8%	1.6%	22
Delaware	35.0%	2.3%	35	13.1%	2.6%	10
Dist. of Columbia	10.9%	0.7%	48	2.1%	0.4%	39
Florida	105.5%	7.0%	4	23.7%	4.7%	3
Georgia	64.7%	4.3%	11	18.9%	3.8%	5
Kentucky	37.1%	2.5%	34	3.1%	0.6%	35
Louisiana	54.5%	3.6%	17	1.2%	0.2%	43
Maryland	39.7%	2.7%	31	10.1%	2.0%	18
Mississippi	43.7%	2.9%	25	1.2%	0.2%	42
North Carolina	48.4%	3.2%	22	11.2%	2.2%	16
Oklahoma	54.7%	3.6%	16	3.7%	0.7%	32
South Carolina	54.3%	3.6%	18	9.3%	1.9%	21
Tennessee	40.1%	2.7%	30	6.5%	1.3%	25
Texas	84.3%	5.6%	7	14.2%	2.8%	6
Virginia	61.1%	4.1%	13	13.4%	2.7%	8
West Virginia	15.3%	1.0%	46	-7.7%	-1.6%	51
North Central	20.0%	1.3%		1.4%	0.3%	
Illinois	9.7%	0.6%	49	-1.7%	-0.3%	48
Indiana	17.7%	1.2%	44	2.2%	0.4%	38
Iowa	21.7%	1.4%	43	-3.2%	-0.6%	50
Kansas	43.6%	2.9%	26	3.2%	0.6%	34
Michigan	16.6%	1.1%	45	1.8%	0.4%	41
Minnesota	41.9%	2.8%	27	5.4%	1.1%	28
Missouri	25.7%	1.7%	41	6.4%	1.3%	26
Nebraska	34.3%	2.3%	36	3.5%	0.7%	33
North Dakota	53.0%	3.5%	19	2.4%	0.5%	36
Ohio	12.8%	0.9%	47	0.3%	0.1%	44
South Dakota	41.7%	2.8%	28	4.2%	0.8%	31
Wisconsin	29.2%	1.9%	40	2.0%	0.4%	40
Northeast	17.8%	1.2%		7.2%	1.4%	
Connecticut	30.9%	2.1%	38	9.9%	2.0%	19
Maine	38.3%	2.6%	33	9.8%	2.0%	20
Massachusetts	29.4%	2.0%	39	10.3%	2.1%	17
New Hampshire	79.2%	5.3%	8	21.0%	4.2%	4
New Jersey	31.2%	2.1%	37	11.7%	2.4%	12
New York	8.4%	0.6%	51	7.6%	1.5%	23
Pennsylvania	8.8%	0.6%	50	-0.4%	-0.1%	45
Rhode Island	23.8%	1.6%	42	7.0%	1.4%	24
Vermont	51.4%	3.4%	20	12.0%	2.4%	11

Figure 2


ANNUAL
EMPLOYMENT GROWTH
RATE
AK
HI
WY
NV
CO
AZ
NM
TX
FL
NE
IA
WI
IL
IN
OH
MO
KY
WV
PA
NY
VT
NH
MA
RI
CT
NJ
DE
MD
LESS THAN 2.5%
2.5 – 5.0%
5.1 – 10%

ployment gains remained number one and Arizona number two, but Nevada and Wyoming were replaced by New Hampshire and Georgia in the top five ranking. Nevada's ranking fell to thirteenth while Wyoming experienced employment declines, placing it at number 49. Both these states experienced declines in mining in the 1980s.

Seven out of the ten states with the fastest growing employment during the 1970 to 1985 period were western states, many with resource extraction based economies. Because of declines in mining and oil activity, only four of the top ten states were from the west from 1980 to 1985. In fact, three out of the six states with employment declines from 1980 to 1985 were from the western region.

Most of Alaska's employment growth since 1970 has been related to oil, principally by state oil revenues and secondarily by direct employment in the oil industry. Alaska is the second largest oil producing state, second to Texas and followed by Louisiana and Oklahoma. Employment growth rates in Alaska surpassed all other major oil producing states by a wide margin; Texas was the only other oil state to rank in the top ten from 1970 to 1985.

Employment levels in Alaska in 1970 were the lowest in the nation but by 1985 were greater than Wyoming and Vermont. In 1970 Alaska's average annual employment was 92,500; it rose to 231,400 by 1985, surpassing Wyoming by 26,400 jobs and Vermont by 7,400. This is not the first time Alaska's employment has risen above Wyoming's, but it's unlikely Alaska will fall below Wyoming again. (Briefly during the pipeline era Alaska's employment levels were 10% greater than Wyoming's and about the same as Vermont's, but by 1980 Alaska was again the smallest state as Wyoming had its own oil boom and Alaska's economy was just beginning to come out of the post-pipeline slump).

The five states with the smallest levels of employment (Alaska, Wyoming, Vermont, North Dakota and South Dakota) accounted for just over 1% of total employment nationally in 1985. At the other end of the spectrum, the five states with the greatest levels of employment (California, New York, Texas, Illinois and Pennsylvania) accounted for over 35% of the nation's total employment. The five smallest states all had employment growth rates faster than the national rate from 1970 to 1985, but only Alaska and Vermont experienced employment growth that was greater than the national average from 1980 to 1985. Wyoming had employment declines during that period.

Of the large states, New York, Pennsylvania and Illinois grew substantially less than the national average from 1970 to 1985. Pennsylvania and Illinois had employment declines from 1980 to 1985. California and Texas have had growth rates consistently greater than the national average. Texas' employment was the seventh fastest growing in the nation from 1970 to 1985, increasing by over three million new jobs over the fifteen year period. California had gains of four million new jobs over the same period.

Conclusion

Over the past fifteen years employment growth in Alaska has been nothing less than spectacular. Alaska's employment growth rate has ranked number one in the nation and as a result has lost its distinction as the state with the smallest level of employment. Alaska's industry employment mix sometimes contrasts sharply with the nation's, and in some areas increasingly resembles the national mix.

It is unlikely that Alaska will maintain this rate of employment growth. The outlook has been clouded by the present slump in Alaska's oil industry, a major contributor to the state's past record pace.

Alaska

By Edward Eboch

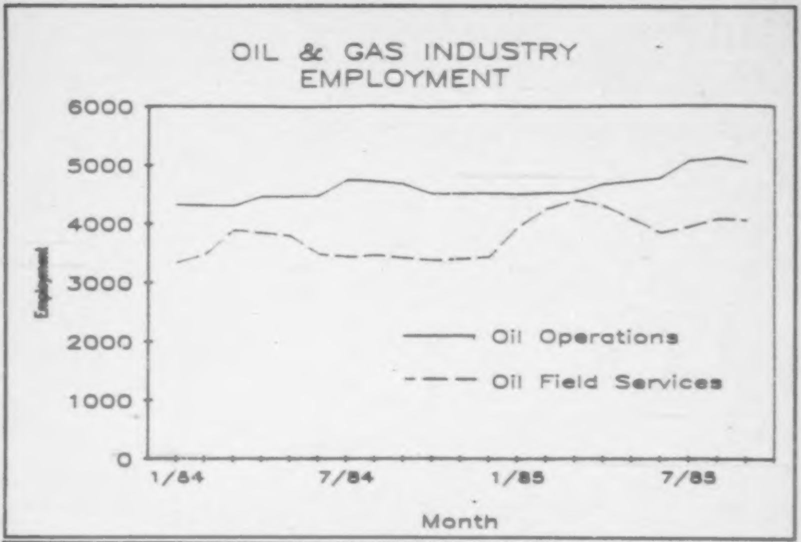
Oil Industry Employment

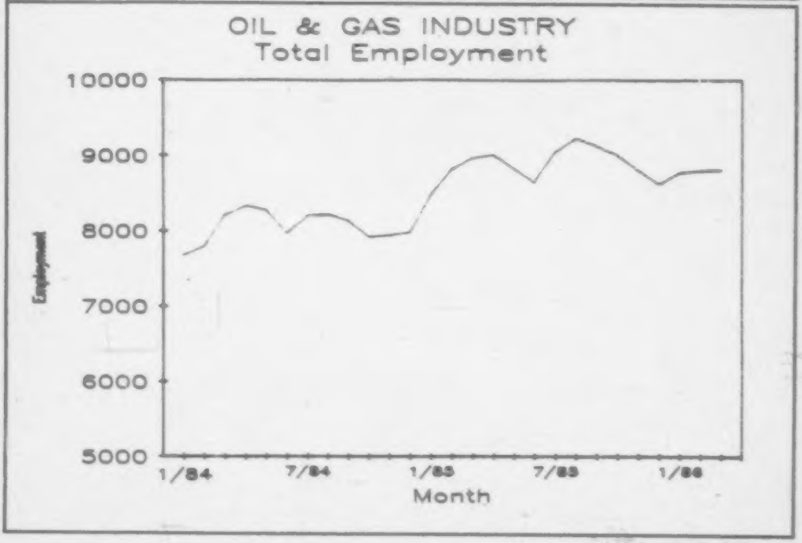
The declines in oil prices are affecting the employment outlook for Alaska beyond just the impact to state revenues and the cutbacks in state expenditures. Besides the anticipated drops in state government employment, declines in employment are already appearing in other industries. Most of the declines in the secondary industries are related to construction or the support industries for construction and oil and gas. Expectations of difficult times ahead are also discouraging spending and investments as indicated in the less than usual seasonal increases in employment for April.

Within the oil and gas industry, employment drops are concentrated in the exploration and construction segment of the industry. To properly analyze the impact of declines in both direct and indirect employment the industry must be divided into two subindustries (1) crude petroleum and natural gas operations and (2) oil and gas field services. Crude petroleum and natural gas operations is primarily engaged in operating oil and gas field properties, that is, all activities in the preparation of oil and gas up to the point of shipment. Oil and gas field services include firms working for a fee or on contract primarily engaged in specialty activities such as geological, geophysical, well surveying, perforating well casing, acidizing and chemically treating wells and building foundations at well locations.

The oil industry has very little secondary and tertiary impact on employment in Alaska. The impact in Alaska is largely limited to expenditures of employees payroll and the construction associated with the development of the oil fields. Nearly all manufacturing and assembly of equipment used in the oil industry is done outside Alaska. In fact, Marathon Oil will be building a new gas production platform in Cook Inlet this summer, the largest built in the inlet and the first since 1968. Cutbacks in future expansion and construction of modules will have more of an impact on Washington and Oregon manufacturing and construction employment than on Alaska employment. With the expansion plans for 1986 and 1987 proceeding, what impact that will be felt in Alaska will be from the loss of income to those resident employees who spend their earnings locally.

Loss of employment in the oil industry has so far been concentrated in the oil and gas field services segment of the industry. This decline has been largely offset by increases in the operations segment of the oil and gas industry (see graph). The loss of employment in the oil





field services segment will have less of an impact than might be expected since a large percentage of these employees will be out of state residents. Thirty-three percent of the employees in oil field services segment of the industry were found to be nonresidents (using data from the *Nonresidents Working in Alaska* study) while 29.2% of the wages paid went to nonresidents during the study period.

Within that segment of the industry engaged in the production of oil and gas, employment is increasing and is expected to continue to slowly increase over the next two years. Most of the projects scheduled for the North Slope in 1986 and 1987 will be completed as the projects are too far along to cancel. This expansion will require more operating and maintenance personnel on the North Slope as well as more support personnel. The percentage of employees in the operations segment of the industry who live out of state is relatively small when compared to the industry in general (10.9% versus 22.9%). In addition, the percentage of income earned by nonresidents is even smaller (6.3%). Assuming these relationships still hold, the net effect in changes in employment may be an increase of in-state jobs in the oil industry.

While the large projects on the North Slope help support the construction industry, the large associated sea lifts negatively affect the transportation industry. The sea lifts appear to carry some goods and materials that would otherwise be moved by the instate transportation network. The net impact is a decline in transportation employment.

Conclusion

While low oil prices will affect employment levels in Alaska, most of the impact will be from loss of state revenues and accompanied decline in state funded activities. Changes in oil industry employment will have little impact on the level of total employment in Alaska over the next two years. The large development projects now in progress on the North Slope will help to offset employment losses in the construction industry as a result of cutbacks in state expenditures.

Current Events

In April, preliminary estimates showed a decline in employment from the previous year. Mining and construction led the decline, but the employment losses were broad based with the construction support segments of transportation, trade, and services also suffering losses.

Uncertainty about oil prices, state governments cutback in expenditures, and late winter snows all contributed to a disappointing April. However the employment picture should brighten in May. The fiscal year (7/86-6/87) budget for the state recently adopted by the legislature, while less than the previous year, was much larger than expected and should result in only modest cuts in employment. In addition, oil prices are beginning to strengthen and the tourist season is getting under way.

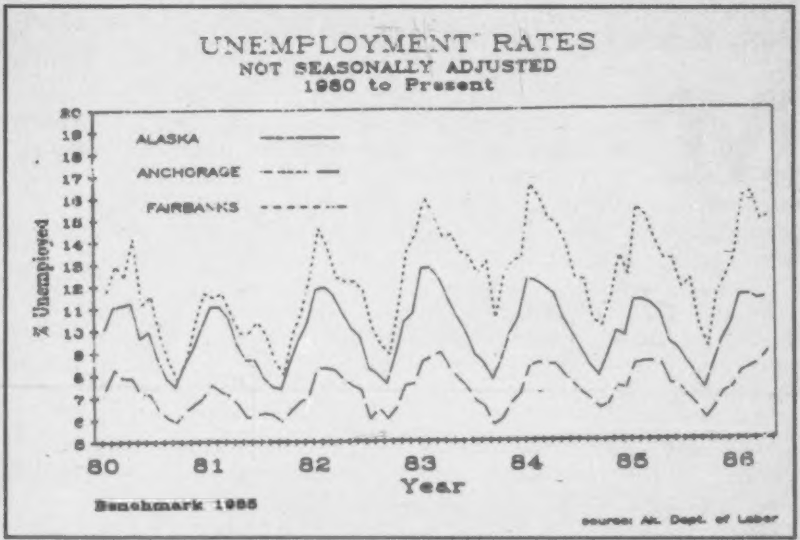
Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/	r/		Changes From:	
	4/86	3/86	4/85	3/86	4/85
Nonag. Wage & Salary	225000	220600	225300	4400	-300
Mining	9000	9100	9600	-100	-600
Construction	14100	12500	15900	1600	-1800
Manufacturing	10100	8400	10000	1700	100
Food & Kindred Prod.	4100	3100	4200	1000	-100
Lumber & Paper Prod.	2600	2000	2400	600	200
All Other Mfg.	3400	3300	3400	100	0
Trans. Comm. & Utilities	18300	18000	18900	300	-600
Trucking & Whseing.	2100	2100	2200	0	-100
Water Transportation	1300	1200	1400	100	-100
Air Transportation	6000	5800	6100	200	-100
Other Trans. Comm. & Utilities	8900	8900	9200	0	-300
Trade	44700	44100	44800	600	-100
Wholesale	8400	8300	8600	100	-200
Retail	36300	35800	36200	500	100
Gen. Mer. & Apparel	5100	5100	5100	0	0
Food Stores	6000	6200	6000	-200	0
Eating & Drinking Pl.	13500	12700	13000	800	500
Other Retail Trade	11700	11800	12100	-100	-400
Finance-Ins. & R.E.	12900	12900	12500	0	400
Services & Misc.	45400	45300	44200	100	1200
Government	70500	70300	69400	200	1100
Federal	17900	17800	17200	100	700
State	21000	20800	21100	200	-100
Local	31600	31700	31100	-100	500

Prepared in cooperation with the U.S. Bureau of Labor Statistics.
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1985.

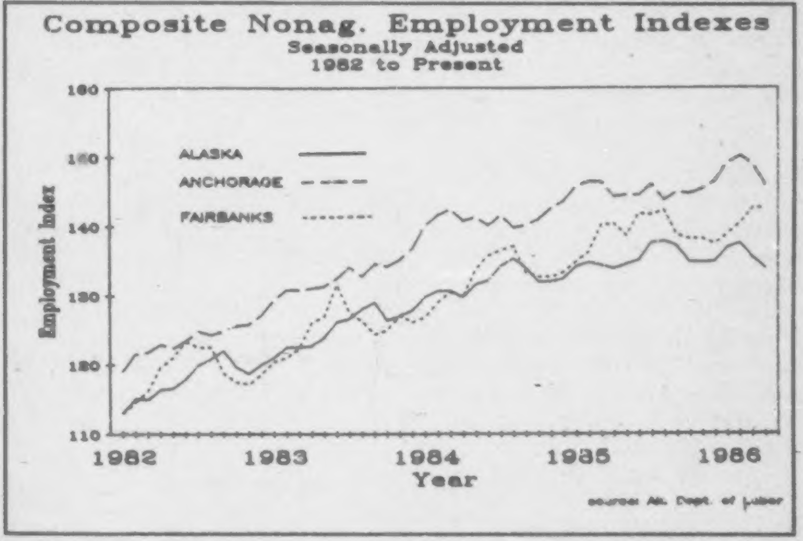
p/ Denotes preliminary estimates.
r/ Denotes revised estimates.



UNEMPLOYMENT RATES
NOT SEASONALLY ADJUSTED
1980 to Present

Benchmark 1985

source: Ak. Dept. of Labor



Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present

source: Ak. Dept. of Labor

Anchorage/MatSu

By Greg Huff

MatSu Employment Overview 1980-1985

MatSu employment grew 120% from 1980-1985, making MatSu the fastest growing area in the state. This growth rate was nearly 3.5 times greater than the statewide average and 2.8 times greater than Anchorage's growth rate. MatSu's rapid employment growth occurred during a period of unprecedented population growth in the Wasilla and Palmer areas. Hence, most of the employment gains were in industries providing goods and services to MatSu residents and to associated residential and commercial construction. An economic analysis of Alaska during this period cannot leave unmentioned state government policies and revenues since their combined effects set the stage for this vibrant economic period.

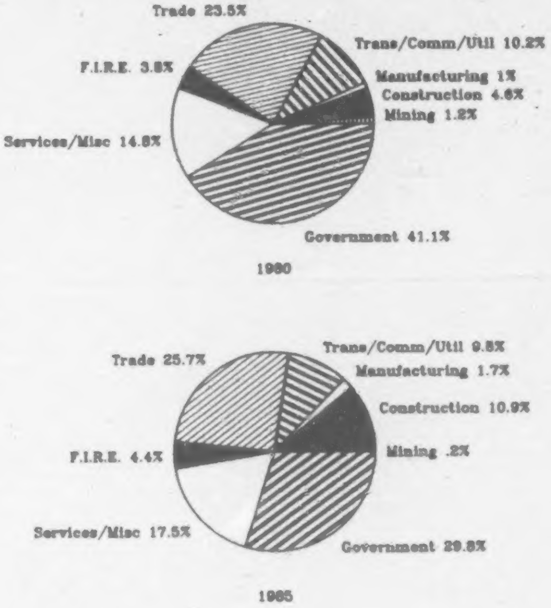
Alaska state government stimulated economic growth in a variety of ways including capital project grants, mortgage subsidies, dividend checks and tax relief. Over the period, millions of dollars were appropriated by the state legislature for capital projects ranging from fire houses to road projects. Meanwhile, the Alaska Housing Finance Corporation (AHFC) provided subsidized mortgages. In addition, the state funded nearly two-thirds of the MatSu Borough's operating budget, helping to hold down taxes, to relieve debt obligations, and to enhance funding for education.

Matsu's population grew from 17,816 in 1980 to 29,836 in 1984, an increase of 68% (1984 population figure is the most recent Dept. of Labor estimate). The population gains were primarily a result of in-migration from Anchorage and the lower 48. In fact, the MatSu region had the highest in-migration rate in the state.

Over four-fifths of the population gain was due to newly arrived residents with the other one-fifth due to natural growth (births over deaths). According to statistics compiled by Research and Analysis, the in-migration rate attributable to the lower 48 was second only to the Anchorage rate. Moreover, the in-migration rate from elsewhere in the state to the MatSu Borough area was the highest in the state.

Most of the new residents from Anchorage came to take advantage of lower home prices. Multiple Listing Service (MLS) statistics show that the average selling price of a single family residence in Anchorage was 27% greater than for a comparable unit in the MatSu Valley. This was very attractive to many Anchorage workers despite the higher transportation costs associated with the extended com-

1980 and 1965
MatSu Borough
Employment by Industry*



*Based on first 9 months of data for each year.

muter trip. (According to the Census Bureau 37% of MatSu Borough residents were employed outside the Borough in 1980).

Because of the rapid population growth, the majority of the new jobs in the area were related either to construction, to various service industries, or to retail trade. Construction employment grew 590% from 1980 to 1984 but fell in 1985. The result was a net gain of 600 jobs in construction over the 1980 levels. Employment in the retail trade industry increased by 950 jobs from 1980 to 1985 while the services sector accounted for an additional 640 new jobs. (The services sector consists of businesses providing lodging facilities, medical care and a host of personal and business services). Other service oriented industries, such as those providing electricity and telephone services

Matanuska-Susitna Borough
Average Montly Employment

	3Q 1980	1980	1981	1982	1983	1984	3Q 1984	3Q 1985
Mining	36	34	99	101	21	9	9	14
Construction	142	151	253	518	778	971	983	742
Manufacturing	30	44	106	70	67	111	112	116
Trans. Comm. & Util.	314	319	343	381	525	595	587	666
Trade	725	733	748	898	1,173	1,547	1,499	1,748
Wholesale	46	44	44	54	64	97	96	122
Retail	679	689	704	845	1,109	1,450	1,403	1,626
Finance-Ins. & R.E.	117	120	131	189	208	280	280	296
Services & Misc.	457	450	559	612	807	1,006	1,097	1,191
Government	1,269	1,280	1,354	1,486	1,672	1,874	1,794	2,027
Federal	119	116	104	102	104	112	111	100
State	388	400	456	541	591	647	634	729
Local	762	768	794	843	977	1,116	1,048	1,198
Total Employment	3,089	3,137	3,596	4,279	5,251	6,397	6,265	6,801
Wages (millions)	$15.5	$15.1	$19.3	$25.2	$30.7	$39.8	$39.0	$40.9
Number of firms	398	398	414	449	640	710	654	900

Source: Alaska Department of Labor ES-202.
Note: ES-202 employment data does not perfectly match employment data published in *Statistical Quarterly*. ES-202 data was used for this analysis because of the timeliness of the ES-202 data compared to published data. ES-202 data is generally from 2% to 4.4% lower than data published in the *Statistical Quarterly*.

or financial services also benefited from the rapid population growth in the MatSu region. Employment in the transportation, communication and utility industry increased 22% annually from 1980 to 1985, while employment in the finance, insurance and real estate sector rose 31% annually.

To meet the growing demands for government services (such as road maintenance, law enforcement, and education) employment in the government sector also grew, but at a slower rate than in the private sector. As a result, the government share of total employment has declined from 41% in 1980 to less than 30% in 1985, about the same proportion as found statewide. Local government represents the largest government component, and within local government the school district was the fastest growing. MatSu school employment increased 70% from 1980 to 1985.

Construction activity in the MatSu region was in response to the population increases and state revenue sharing and grants. The number of new construction jobs in the MatSu region made it the fastest grow-

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 4/86	R/ 3/86	P/ 4/85	R/ 4/86	P/ 3/86	R/ 4/85	P/ 4/86	R/ 3/86	4/85	4/86	3/86	4/85
Alaska Statewide	259616	252231	248057	29661	28598	26662	11.4	11.3	10.7	229955	223633	221395
Anch.-MatSu Region	139098	137068	132874	13747	13040	12396	9.9	9.5	9.3	125351	124028	120478
Anchorage Borough	121696	119795	116363	10829	10098	9806	8.9	8.4	8.4	110867	109697	106557
MatSu Borough	17402	17273	16511	2918	2942	2590	16.8	17.0	15.7	14484	14331	13921
Gulf Coast Region	27369	25956	25632	4437	4155	4004	16.2	16.0	15.6	22932	21801	21628
Kenai Peninsula Bor	17426	16573	16116	3242	3088	2738	18.6	18.6	17.0	14184	13485	13378
Kodiak Island Borough	6171	5735	5995	640	477	779	10.4	8.3	13.0	5531	5258	5216
Valdez-Cordova	3772	3648	3521	555	590	487	14.7	16.2	13.8	3217	3058	3034
Interior Region	40487	38721	38190	5949	5620	4934	14.7	14.5	12.9	34538	33101	33256
Fairbanks North Star Br	32875	31418	30909	4964	4669	4035	15.1	14.9	13.1	27911	26749	26874
Southeast Fairbanks	3219	3107	3036	400	405	321	12.4	13.0	10.6	2819	2702	2715
Yukon-Koyukuk	4393	4196	4245	585	546	578	13.3	13.0	13.6	3808	3650	3667
Northern Region	8413	8181	8413	1068	905	906	12.7	11.1	10.8	7345	7276	7507
Kobuk	2645	2575	2629	347	298	280	13.1	11.6	10.7	2298	2277	2349
Nome	3605	3495	3561	539	458	427	15.0	13.1	12.0	3066	3037	3134
North Slope Borough	2163	2111	2223	182	149	199	8.4	7.1	9.0	1981	1962	2024
Southeast Region	33152	32005	32435	3342	3946	3360	10.1	12.3	10.4	29810	28059	29075
Haines Borough	1077	1042	1065	147	167	158	13.6	16.0	14.8	930	875	907
Juneau Borough	13028	12382	12619	1237	1283	1119	9.5	10.4	8.9	11791	11099	11500
Ketchikan Gateway Bor	7059	6773	6863	712	799	672	10.1	11.8	9.8	6347	5974	6191
Pr. of Wales-Outer Ketch	2485	2441	2445	319	403	333	12.8	16.5	13.6	2166	2038	2112
Sitka Borough	3983	3901	3905	293	427	306	7.4	10.9	7.8	3690	3474	3599
Skagway-Yakutat-Angoon	2040	2002	2055	306	370	364	15.0	18.5	17.7	1734	1632	1691
Wrangell-Petersburg	3480	3464	3483	328	497	408	9.4	14.3	11.7	3152	2967	3075
Southwest Region	11097	10300	10513	1118	932	1062	10.1	9.0	10.1	9979	9368	9451
Aleutian Islands	2560	2369	2399	121	79	89	4.7	3.3	3.7	2439	2290	2310
Bethel	4376	4077	4148	505	443	482	11.5	10.9	11.6	3871	3634	3666
Bristol Bay Borough	438	416	407	50	52	40	11.4	12.5	9.8	388	364	367
Dillingham	1930	1770	1822	210	155	193	10.9	8.8	10.6	1720	1615	1629
Wade Hampton	1793	1668	1737	232	203	258	12.9	12.2	14.9	1561	1465	1479

P/ Preliminary R/ Revised 1985 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

				Changes From:	
	p/ 4/86	r/ 3/86	4/85	3/86	4/85
Nonag. Wage & Salary	112800	112350	111700	450	1100
Mining	4250	4350	4400	-100	-150
Construction	5950	5850	7250	100	-1300
Manufacturing	2600	2400	2550	200	50
Food & Kindred Prod.	500	350	500	150	0
Other Mfg.	2100	2050	2050	50	50
Trans. Comm. & Utilities	9600	9450	9950	150	-350
Trucking & Whseing.	1150	1150	1200	0	-50
Water Transportation	300	300	300	0	0
Air Transportation	3900	3700	3900	200	0
Other Trans. Comm. & Utilities	4250	4300	4550	-50	-300
Trade	27300	27000	26750	300	550
Wholesale	6300	6250	6500	50	-200
Retail	21000	20750	20250	250	750
Gen. Merchandise	1850	1900	1800	-50	50
Food Stores	3050	3100	2950	-50	100
Eating & Drinking Pl.	8050	7750	7800	300	250
Other Retail Trade	8050	8000	7700	50	350
Finance-Ins. & R.E.	8750	8700	8550	50	200
Services & Misc.	27000	27250	25750	-250	1250
Government	27350	27350	26500	0	850
Federal	10200	10050	9700	150	500
State	7550	7550	7450	0	100
Local	9600	9750	9350	-150	250

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

				Changes From:	
	p/ 4/86	r/ 3/86	4/85	3/86	4/85
Nonag. Wage & Salary	120350	119950	118800	400	1550
Mining	4300	4350	4400	-50	-100
Construction	6450	6400	7750	50	-1300
Manufacturing	2700	2450	2600	250	100
Trans. Comm. & Utilities	10300	10150	10650	150	-350
Trade	29200	28900	28550	300	650
Finance-Ins. & R.E.	9200	9250	9100	-50	100
Services & Misc.	28300	28550	26950	-250	1350
Government	29900	29900	28800	0	1100

ing industry in the area, however, jobs in this industry could be lost just a fast as they were created. The 24% employment decline in construction in 1985 indicates what is in store in light of falling state revenues and a stabilizing population.

The Independence Mine outside of Palmer, once the area's largest gold lode mining operation, had a brief opening from 1980 to 1982 causing mining employment to peak at 101 jobs in 1982. However, with the quality and quantity of the ore available gold prices could not support the operation.

A slump in the demand for prefabricated buildings caused fluctuations in manufacturing employment from 1980 to 1983. Employment growth after 1983 was based primarily in the food processing sector.

As the population grew new firms opened in the MatSu area. From 1980 to 1985, the number of firms increased from 398 to 900, a 25% annual growth rate. When the number of jobs increases and the number of firms increases, total payroll increases as well. Over the period total wages and salaries paid in MatSu rose from $15 million to over $40 million.

Conclusion

The MatSu region, particularly the Wasilla and Palmer areas, went through a period of rapid economic and population expansion from 1980 to 1985. The private sector grew faster than the government sector and most of the gains in employment were in industries providing a service or selling merchandise. The period of rapid expansion appears, however, to be over. Construction employment fell in 1985 and the overall employment growth rate was 9% compared to 23% the previous year. Employment growth in 1986 will be even smaller.

Anchorage Current Trends

April is the month Anchorage normally shows a substantial jump in nonagricultural employment over the previous month. This year the increase was only 450 jobs, compared to 1,650 jobs gained last April. However, Anchorage had a total of 1,100 more jobs this April than last. Three industries have lost employment since last year: mining; construction; and transportation, communication, and utilities.

Anchorage's unemployment rate increased from 8.4% in March to 8.9% in April. This is also higher than last April's rate of 8.4%. An increase in the number of unemployed construction workers is the primary cause for this higher rate.

Fairbanks/Interior

By Neal Fried

Doyon Employment Trends

After four years of growth in employment, the most recent data for the Doyon region indicates a change of events. Employment data for the first nine months of 1985 indicate the employment trend has reversed itself. In 1985, employment declined by 0.5% in the Doyon region.

Fairbanks' employment is excluded from these numbers because it would mask activity taking place elsewhere in the Doyon region. If Fairbanks' data were included, the region would have had employment growth in 1985. The fact that Fairbanks' employment has continued to grow while the rural area's employment has fallen illustrates the different trends that are taking place in rural and urban Alaska. When Doyon's employment was growing, it grew less vigorously than Fairbanks'. Doyon's employment grew 25% from 1980-1984 compared to the 32% rate for Fairbanks. Fairbanks' employment growth has slowed considerably, but it is still growing.

Doyon Region

Though government has been responsible for much of the area's growth in employment in the past, it is now having the reverse effect. Federal government employment has declined because of cut backs in most federal agencies personnel and the transfer of the Alaska Railroad from federal to state ownership. The state and local government employment picture was mixed; state government grew and local government remained flat. In the past, local government was the largest contributor to the area's growth in employment.

Doyon
Wage and Salary Employment

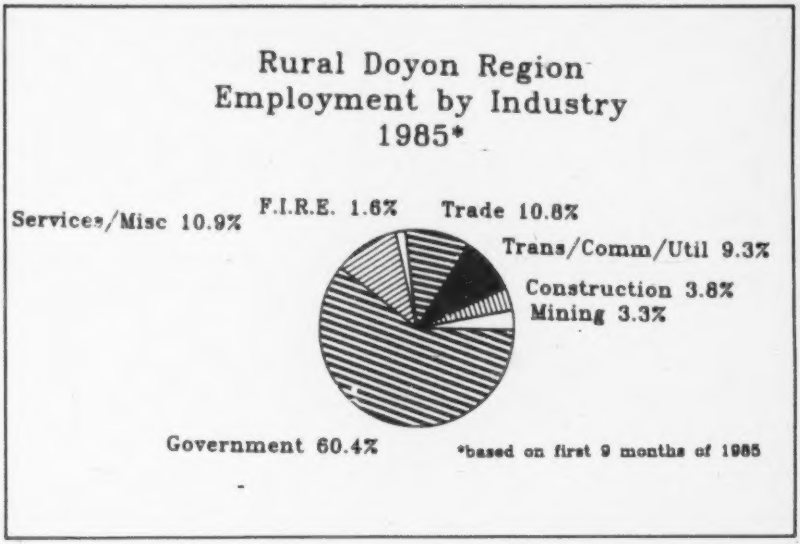
	1980	**1984***	**1985***	**Percent* Growth 1984-1985**
Total	3,185	3,987	3,969	0.5%
Mining	140	107	130	21.5%
Construction	66	120	151	25.8%
Manufacturing	29	25	19	-24.0%
Trans. Comm. & Utilities	357	409	368	-10.0%
Trade	297	437	425	-2.7%
Wholesale	20	41	53	29.3%
Retail	277	396	372	-6.1%
Finance-Ins.& Real E.	52	65	62	-4.6%
Services & Misc.	353	372	411	10.5%
Government	1,891	2,450	2,404	-1.9%
Federal	641	728	636	-12.6%
State	268	341	384	12.6%
Local	982	1,381	1,383	0.1%

Note: Due to revisions, the data in this table do not match that published in this section of the April 1985 *Alaska Economic Trends*.

* 1984 and 1985 are based on 9 month averages.

Employment increased in mining, construction, and services. These industries made gains because Usibelli's coal mine began exporting coal to Korea, substantial state capital construction expenditures were made from past appropriations, and tourism helped increased the demand for services.

On the downside were retail trade and transportation, communications, and utilities. The reason for retail trade's decline is not clear because it is a major beneficiary of tourism. A sluggish economy is the most likely cause. Transportation, communications and utilities employment fell because the military modernized their remote tracking stations in the region which eliminated positions. One station closed and the others were able to operate with smaller staffs.



Tourism should give the highway communities an additional economic boost. Denali National Park is expecting a record year, possibly as much as 40% above year-ago levels. Border traffic, for the first quarter 1986, is already greater than last year. Tourism is projected to grow because of the weak dollar, cheap gasoline, and international terrorism.

In 1986 employment will fall because of the area's heavy reliance on government. All levels of government are feeling pressure to cut back as a result of the federal Gramm Rudman legislation and declining state revenues. Construction will also be a victim of falling oil revenues.

Current Trends

Fairbanks unemployment rate increased to 15.1% in April. This indicates some sluggishness for this time of the year when the unemployment rate more typically begins to fall. This year's rate is also two points above the unemployment rate in April of 1985 (13.1%). A weak construction season and an overall slower economy has contributed to Fairbanks' higher unemployment rate.

On the bright side, wage and salary employment made its first substantial seasonal increase in April. The number of jobs grew by 1050. Over-the-year employment also continued to register growth. There were 550 more jobs in April of 1986 than during April of 1985.

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	p/	r/		Changes From:	
	4/86	3/86	4/85	3/86	4/85
Nonag. Wage & Salary	29150	28100	28600	1050	550
Mining	100	100	150	0	-50
Construction	2600	2100	2900	500	-300
Manufacturing	600	550	550	50	50
Trans. Comm. & Utilities	2750	2750	2750	0	0
Trucking & Whseing.	450	500	500	-50	-50
Air Transportation	900	850	850	50	50
Other Trans. Comm. & Utilities	1400	1400	1400	0	0
Trade	6150	5850	5900	300	250
Wholesale	950	950	950	0	0
Retail	5200	4900	4950	300	250
Gen. Mer. & Apparel	550	550	500	0	50
Food Stores	850	750	800	100	50
Other Retail Trade	3800	3600	3650	200	150
Finance-Ins. & R.E.	1100	1000	1000	100	100
Services & Misc.	5900	5900	5600	0	300
Government	9950	9850	9750	100	200
Federal	2700	2650	2650	50	50
State	4300	4250	4250	50	50
Local	2950	2950	2850	0	100

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

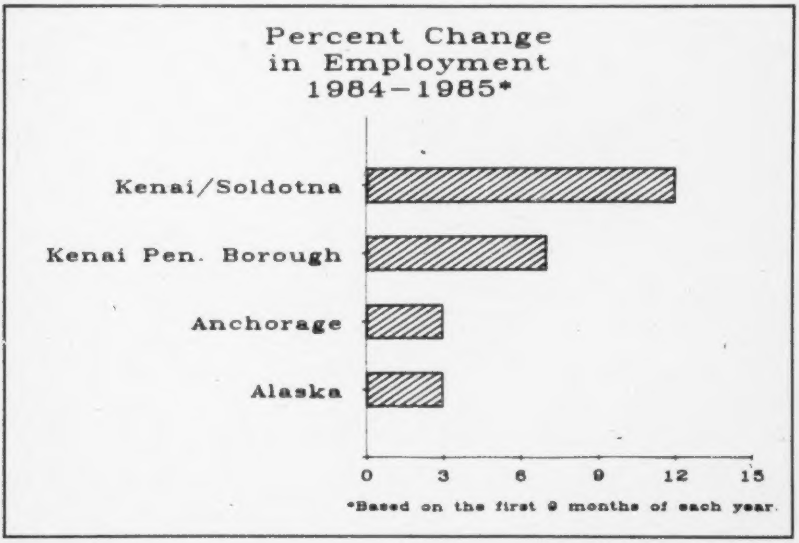
	p/	r/		Changes From:	
	4/86	3/86	4/85	3/86	4/85
Nonag. Wage & Salary	32950	31750	32550	1200	400
Mining	250	200	300	50	-50
Construction	2750	2200	3000	550	-250
Manufacturing	600	550	600	50	0
Trans. Comm. & Utilities	3000	3000	3050	0	-50
Trade	6450	6250	6300	200	150
Finance-Ins. & R.E.	1150	1050	1050	100	100
Services & Misc.	6300	6200	6050	100	250
Government	12450	12300	12200	150	250

Gulf Coast

By Neal Fried

Kenai-Soldotna: Another Year of Growth

The Kenai-Soldotna area's employment grew by 12% in 1985 and 55 new businesses were started in the area. This employment growth compares to 3% statewide. In 1985 the Kenai-Soldotna area recorded its strongest year in employment growth in five years and Alaska, its slowest. It also remained the hot spot on the Kenai Peninsula, growing five percentage points faster than the entire borough.



In 1985 all major industry categories increased employment. Wholesale trade was the only industry that failed to have increased employment but increases in retail trade more than offset the losses in wholesale trade. The top three contributors to employment were retail trade, construction and manufacturing. Retail trade has benefitted from a growing population, increasing income, and an expanding tourist sector. Its growth has also been augmented by the national trend of eating out more and the increased demand for specialty retail goods.

Kenai-Soldotna
Wage and Salary Employment
1984-1985

	Nine Months		Employment Growth	Percent Change
	1984	1985	1984-1985	1984-1985
Total	7,726	8,654	928	12%
Mining	595	703	108	18%
Construction	905	1050	145	16%
Manufacturing	992	1216	224	23%
Food and Kindred	460	662	202	44%
Trans. Comm. & Utilities	603	611	8	1%
Trade	1,592	1,793	201	13%
Wholesale	339	277	-62	)18%
Retail	1,253	1,516	263	21%
Finance, Ins. & R.E.	263	267	4	2%
Services & Misc.	1,151	1,228	77	7%
Government	1,623	1,734	111	7%
Federal	97	108	11	11%
State	508	560	52	10%
Local	1,018	1,066	48	5%

Construction experienced another good year. Residential construction slowed, but both commercial and public construction increased employment. Manufacturing employment increased because the fish processors had a good year. The summer salmon season was exceptional in Cook Inlet as well as statewide, pushing fish processing employment to the highest it has been in six years.

Three other industries that exhibited respectable gains were government, mining (oil and gas), and services. All three levels of government increased employment, but state and local government accounted for the lions share of the growth. Service employment grew for many of the same reasons as retail trade.

Much of the momentum of 1985 will carry over to 1986 for the Kenai-Soldotna area. Though employment growth will not be as vigorous as it was last year, it will remain relatively strong, particularly in light of oil revenue declines. Construction may not grow as residential construction softens further and commercial construction has probably peaked, but a busy public construction season will help supplement some of these losses. Another good salmon fishing season is being predicted. Also, a record numbers of tourists are expected in 1986. The Kenai-Soldotna area will be one of the economic bright spots in Alaska in 1986.

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

				Changes From:	
	p/ 4/86	r/ 3/86	4/85	3/86	4/85
Nonag. Wage & Salary	19800	19000	19050	800	750
Mining	800	750	800	50	0
Construction	1700	1500	1600	200	100
Manufacturing	2000	1850	2050	150	-50
Food & Kindred Prod.	1350	1200	1400	150	-50
All Other Mfg.	650	650	650	0	0
Trans. Comm. & Utilities	1800	1750	1750	50	50
Trade	3800	3650	3550	150	250
Wholesale	450	500	450	-50	0
Retail	3350	3150	3100	200	250
Finance-Ins. & R.E.	650	650	600	0	50
Services & Misc.	3250	3150	3050	100	200
Government	5800	5700	5650	100	150
Federal	550	550	500	0	50
State	1600	1550	1700	50	-100
Local	3650	3600	3450	50	200

Current Trends

The Kenai Peninsula Borough's unemployment rate remained high in April. The Borough's rate of 18.6% was the highest in the State and remained unchanged from the previous month. It was also considerably higher than last April's rate of 17.0%. Kodiak's unemployment rate climbed in April to 10.4% and Valdez-Cordova's fell to 14.7%. The unemployment rates for these two areas will begin to exhibit significant seasonal improvement during the coming months when the fishing and tourism seasons get underway.

Southeast Alaska

By John Boucher

Greens Creek and Quartz Hill Update

Southeast Alaska has two of the state's three most promising mineral developments with the Greens Creek joint venture on Admiralty Island near Juneau and at Quartz Hill in the Misty Fiords National Monument near Ketchikan. At present neither of the projects is expected to have much of an impact on Southeast employment this summer, but both projects remain very strong candidates for future employment in the region. Recent developments surrounding Green's Creek and Quartz Hill could have an impact on the length of time before these projects begin contributing to the Southeast economy.

Greens Creek

The Greens Creek venture is currently in the process of a change in ownership. Amselco Minerals Inc., a subsidiary of the British Petroleum Company, has purchased Anaconda Mining's share of the project and has reached an agreement with Noranda Mining to buy their portion pending the approval of other minority partners. The buy out of Noranda would give Amselco controlling interest in the mine and according to an Amselco spokesman should facilitate earlier development of the project. An accelerated work program for the mine site is currently under consideration by the company, but even if it were adopted, it is unlikely that the mine would begin production before 1988.

Prospects for Greens Creek are largely dependent upon the market for silver, which at the current time remains depressed. Green's Creek also has significant quantities of gold, lead and zinc that would be recovered, but the price of silver has the largest fiscal impact on the project. According to Noranda spokesmen, work plans are already on file with the Forest Service for the summer, so any takeover by Amselco would not delay work planned for this year.

Quartz Hill

The Quartz Hill molybdenum mine is currently in the final stages of environmental review by the U.S. Forest Service. A draft of the Forest Service's environmental impact statement is due for public review shortly and one decision in particular will have a significant impact on the project. At present U.S. Borax is hoping to dispose of mine tailings in Wilson Arm as opposed to a plan that would have the tailings deposited in the Boca de Quadra fiord which would require an addi-

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	p/ 4/86	r/ 3/86	4/85	Changes From: 3/86	4/85
Nonag. Wage & Salary	29200	27650	29250	1550	-50
Construction	1350	1200	1500	150	-150
Manufacturing	3350	2400	3100	950	250
Food & Kindred Prod.	800	450	800	350	0
Lumber & Paper Prod.	2350	1750	2100	600	250
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	1900	1850	2100	50	-200
Trade	4400	4250	4400	150	0
Wholesale	350	350	350	0	0
Retail	4050	3900	4050	150	0
Finance-Ins. & R.E.	1100	1100	1100	0	0
Mining, Services & Misc.	4450	4350	4400	100	50
Government	12650	12500	12650	150	0
Federal	2100	2050	2050	50	50
State	5700	5650	5800	50	-100
Local	4850	4800	4800	50	50

tional $50 million capital outlay at the projects front end. Should the Forest Service go against Borax's first choice, the mine would face a delay in opening due to the additional capital costs that would have to be recovered.

According to a Borax spokesman, even if all aspects of the EIS were favorable at the present time, development of the project would still be on hold because of poor market conditions for molybdenum. Currently molybdenum producers already in place are operating only at 50% of capacity. Should molybdenum prices recover, operators working at less than capacity or currently shutdown could be up and running faster and at a significantly smaller capital outlay than the billion dollars estimated to put Quartz Hill into production. The size and the favorable location of the deposit would make it a very strong competitor in the marketplace, but with a front end investment of a billion dollars, prices that provide revenue in excess of operating costs will be necessary for the project to proceed.

The long term prospects in the molybdenum markets is favorable. An invigorated world economy enhances the outlook for the consumption of alloy steel which is molybdenum's primary use. Lower oil prices are a two edged sword for the project: on the one hand, lower oil prices are stimulating the economy and making power costs for the operation lower; but on the other hand the oil industry, particularly petroleum exploration, is one of the leading consumers of stainless steel. Historically, the demand for molybdenum has experienced an annual growth rate of about 5%, which bodes well for eventual development of the Quartz Hill project.

Current Trends

Southeast Alaska wage and salary employment increased by 1,550 jobs in the month of April largely as a result of strong increases in manufacturing employment. The lumber and paper products sector of the Southeast economy gained nearly 600 jobs as logging camps geared up and the Wrangell sawmill returned to work after a maintenance shutdown in March. The invigorated employment picture contributed to the fall in the Southeast unemployment rate during the month. Southeast Alaska was the only region of the state to experience a decline in the number of unemployed in April.

Hours and Earnings

By John Boucher

Total and Per Capita Personal Income Data for 1984

Total and per capita personal income data for Alaska's 23 census areas for 1984 show that growth in per capita income in Alaska slowed significantly in 1984, growing at an annual rate of one percent. Total personal income also registered its smallest growth rate in the past five years, growing at slightly less than five percent. This marked the first time since 1979 that the growth rate in total personal income in Alaska was lower than the national growth rate (10% in 1984). Of the 23 census divisions in Alaska, two areas had growth rates that were higher than the national average, and eight areas had growth rates higher than the statewide average.

The Haines Borough had the highest growth rate in per capita income in 1984, growing at a rate of 13%. The Matanuska-Susitna Borough, which has the highest annual average growth rate in the state since 1959, grew at a 12% rate. Matanuska-Susitna's annual growth rate since 1959 has been 17.2%. Four Alaska census areas experienced lower per capita income in 1984 than in 1983. The Wrangell-Petersburg census areas per capita income fell 13% in 1984, Dillingham fell 2% as did Yukon-Koyukuk, and the Prince of Wales-Outer Ketchikan census areas per capita income fell 1%. The highest per capita income in the state continued to be in the North Slope Borough, where income averaged $26,077 per resident during 1984. After North Slope, the other regions in the top five with the highest per capita income are the Juneau Borough at $21,253, the Fairbanks North Star Borough at $20,764, the Bristol Bay Borough at $20,472, and Anchorage at $19,188. It is interesting to note that 53% of Alaska's population live in the top five per capita income areas of the state.

The following are per capita income and total personal income tables from the United States Department of Commerce, Bureau of Economic Analysis. Historical series are available from Alaska Department of Labor, Research and Analysis.

Per Capita Income
Alaska
1983 & 1984

Census Area 2/	1983 Per Capita Income	1984 Per Capita Income	Percent Change	1984 Percent of National Average
ALASKA	$17,380	$17,550	1.0%	137%
Aleutian Islands 1/	16,143	16,715	3.5%	131%
Anchorage Borough	18,736	19,188	2.4%	150%
Bethel	10,029	10,050	0.2%	79%
Bristol Bay Borough	19,427	20,472	5.4%	160%
Dillingham	11,097	10,852	-2.2%	85%
Fairbanks North Star	20,488	20,764	1.3%	163%
Haines Borough	15,305	17,250	12.7%	135%
Juneau Borough	20,840	21,253	2.0%	166%
Kenai Borough	12,961	13,237	2.1%	104%
Ketchikan Borough	18,531	18,138	2.2%	142%
Kobuk	11,604	11,822	1.9%	93%
Kodiak Is. Borough 1/	12,985	11,826	8.9%	93%
MatSu Borough	15,627	14,197	9.2%	111%
Nome	13,960	14,265	2.2%	112%
North Slope Borough	24,675	26,077	5.7%	204%
Prince of Wales-Outer Ketchikan	14,642	14,460	1.2%	113%
Sitka Borough	15,947	16,090	0.8%	126%
Skagway-Yakutat-Angoon	14,880	16,124	8.4%	126%
Southeast Fairbanks	12,215	12,685	3.9%	99%
Valdez-Cordova	16,414	17,536	6.8%	137%
Wade Hampton 1/	7,089	7,466	5.3%	58%
Wrangell-Petersburg	18,152	15,812	-12.9%	124%
Yukon-Koyukuk 1/	9,743	9,573	-1.7%	75%

1/ Total and per capita personal income time series are discontinuous due to a large revision in military wages for 1977-84.

2/ Alaska census areas as defined by the 1980 decennial census.

Total Personal Income
Alaska
1983 & 1984
(in millions)

Census Area 2/	**1983 Total Personal Income**	**1984 Total Personal Income**	**Percent Change**	**1959-84 Annual Growth Rate**
ALASKA	$8,366.0	$8770.9	5%	11.8%
Aleutian Islands 1/	117.9	119.3	1%	--
Anchorage Borough	4,144.4	4,349.1	6%	12.2%
Bethel	112.9	113.8	1%	--
Bristol Bay Borough	22.2	23.2	4%	10.6%
Dillingham	53.6	54.6	2%	--
Fairbanks North Star	1,247.8	1,293.1	4%	10.7%
Haines Borough	28.6	32.3	13%	--
Juneau Borough	478.4	505.3	6%	11.7%
Kenai Borough	459.9	499.5	9%	--
Ketchikan Borough	233.1	232.1	-	10.4%
Kobuk	57.6	59.6	3%	12.6%
Kodiak Is. Borough 1/	178.3	174.0	-2%	9.3%
MatSu Borough	374.7	420.4	12%	17.2%
Nome	92.4	96.0	4%	11.8%
North Slope Borough	104.5	113.3	8%	--
Prince of Wales-Outer Ketchikan	62.6	63.1	1%	--
Sitka Borough	120.8	119.7	-1%	--
Skagway-Yakutat-Angoon	52.7	56.4	7%	--
Southeast Fairbanks	74.9	79.8	7%	--
Valdez-Cordova	146.5	150.1	2%	--
Wade Hampton 1/	32.6	34.1	5%	12.2%
Wrangell-Petersburg	118.2	100.5	15%	--
Yukon-Koyukuk 1/	81.3	81.4	-	--

-- Annual Growth Rate Unavailable.

1/ Total and per capita personal income time series are discontinuous due to a large revision in military wages for 1977-84.

2/ Alaska census areas as defined by the 1980 decennial census.

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 4/86	R/ 3/86	P/ 4/85	R/ 4/86	P/ 3/86	R/ 4/85	4/86	3/86	4/85
Mining	1154.05	1226.33	1192.46	51.2	52.7	50.7	22.54	23.27	23.52
Construction	951.57	939.94	989.26	40.7	40.1	41.9	23.38	23.44	23.61
Manufacturing	511.15	517.80	515.81	40.6	42.9	38.9	12.59	12.07	13.26
Food & Kindred Prod	292.81	323.95	323.61	37.3	43.6	34.5	7.85	7.43	9.38
Lumber & Paper Prod	680.24	672.74	656.48	45.9	46.3	44.0	14.82	14.53	14.92
Trans., Comm. & Utilities	573.05	553.39	557.98	37.8	36.6	37.1	15.16	15.12	15.04
Trade	378.34	380.09	391.78	32.7	33.4	33.4	11.57	11.38	11.73
Wholesale	508.77	510.68	531.22	37.3	38.6	38.3	13.64	13.23	13.87
Retail	329.84	334.01	340.96	31.0	31.6	31.6	10.64	10.57	10.79
Finance-Ins. & R.E.	381.02	395.94	445.54	33.6	34.4	36.7	11.34	11.51	12.14

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor.

2/ excludes eating and drinking establishments.

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

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JULY 1986
ALASKA ECONOMIC TRENDS

Alaska Department of Labor Bill Sheffield, Governor, State of Alaska

Rural Occupation Information

Alaska Economic Trends

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Labor Force by Region and Census Area . . . . . Center Insert

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Rural Occupation Information

By Edward Eboch and Bruce McHardy

Job opportunities and available labor skills in Alaska vary according to labor market area and community. Large communities usually have an ample number of qualified people available to fill vacant positions quickly and an ample number of job opportunities in any profession to insure a qualified person of finding a job. However, in small communities skilled personnel and job opportunities are limited. In many cases there are only one or two major employers in a community. This is true for all communities in Alaska except Anchorage. Juneau and Fairbanks have a limited number of large firms but their economies are of a size and of a sufficient mix of occupations that required skills and job opportunities are normally available.

Information on occupational opportunities in an area or community is important to governmental agencies, individuals, and private businesses. Program planners use the information to develop programs of study or training to ensure a trained, available local area or community labor force. Alaska's Department of Labor Job Service offices try to match the skills of job seekers with available opportunities. Environmental impact statements use the information to determine the economic impact of new activities. Other agencies find the information useful in operational planning.

In a job search or in making a career choice, where location is an important consideration, it is useful to know what job opportunities exist in a community. Smaller communities usually have limited opportunities in the managerial, professional and technical areas. However, in Alaska because of the strong presence of the state and federal government in many rural areas, opportunities vary according to community.

When choosing a business location, it is useful to know what skills exist in a community. Firms have many reasons for choosing to locate in a particular area or community. One of the more important is the assurance that adequately trained personnel are available to minimize the cost of staffing the operation. In most smaller Alaska communities, the size of the population limits the available work force in any specific occupation.

This article will examine the occupational composition for the rural portions of the state's labor market areas and for those communities with a population of 3,000 or greater. A cutoff of 3,000 was chosen to be able to aggregate the occupations without violating confidentiality laws. Even so, the level of aggregation by occupational group may not be as detailed as many would like. Upon request, Research and Analysis can provide the occupational composition for other areas or communities of the state.

This article will not cover the occupational composition for Anchorage, Fairbanks or Juneau. For a detailed description of employment by occupation and growth and replacement needs or for information on these excluded communities, see *Alaska Occupational Information*, Alaska Department of Labor, Research and Analysis, January 1985. Research and Analysis will be publishing a new *Alaska Occupational Information* later this summer which will contain forecasts to 1990.

Industry Occupation Composition

The composition of occupations for any community depends on the industries in that community. The industry determines the type of jobs available and the labor pool available. As a reference point, Table 1 summarizes the occupational groups by industry for Alaska while Table 2 gives examples of occupations by occupational group. The mining industry is dominated by the oil industry which makes up over 90% of employment in this industry. The composition of occupations looks different for the hard rock mining industry which offers the greatest opportunity for employment growth for smaller communities.

Smaller communities usually have one of three industries as the major employer; seafood processing, mining, or timber, a fourth, government, also makes a major contribution to employment. In a few communities that act as regional centers, government may be the prime employer.

Table 3 is the occupational distribution for the fish processing industry in Alaska. While the occupational mix will vary for a fish processing plant depending on the type of seafood processed, the age of the plant, and whether it processes fresh or frozen fish, the percentages represented tell us that the majority of jobs are in the crafts, operators, and laborers occupational group.

As we examine communities with a strong fishing base, we see that the current occupational mix is dominated by the craft, operator and laborer occupations. Keep in mind that fish harvesting employment is not included in the occupational composition for these areas or communities. Statewide the number of individuals employed in fish harvesting is very close to those in fish processing.

In mining, each operation will vary depending on the extent of mechanization and the type of mineral being mined as well as whether the mine is in the construction or operation stage. There are few large scale hard rock mines currently in operation in Alaska. Mining is one of the industries that offer potential growth for many rural areas, so it is important to know the occupations associated with a mining operation.

Table 4 is the approximate occupational composition expected for the Red Dog Mine based on the final production stage. The mix of occupations differ between the construction stage and the initial operation phase. Other mining operations will have a different occupational composition but will still be predominately crafts, operators and laborer occupations.

Community Occupation Composition

The next thirteen tables contain the occupational employment information for the rural areas and communities of the state. There are separate tables for communities in each labor market area that had a population greater than 3,000 in 1984. The labor market area tables include data for the remainder of the labor market area. Table 5 presents the occupational composition of the MatSu Borough (the Anchorage/MatSu labor market area less Anchorage) and Table 6 presents the Interior labor market area (Interior less Fairbanks). These two labor market areas have no communities with a population greater than 3,000 except Anchorage and Fairbanks.

Within the Southeast labor market area, two communities are reported separately—Sitka and Ketchikan. Both these communities are strongly influenced by the timber and fishing industries; this influence is reflected in the occupational composition of these communities. Over half the current occupations are in the professional and technical and crafts, operators and laborers groups. The remainder of the Southeast labor market area (Table 7) also shows the influence of the fishing industry on their occupational composition.

The best prospects for future growth in the Southeast are in fishing, timber and mining. Two of the most likely mining projects in Alaska are in the Southeast, Greens Creek near Juneau and Quartz Hill near Ketchikan. The occupational mix for mining is somewhat similar to the existing occupational composition of these communities.

The Gulf Coast labor market area, excluding Kenai, Kodiak, and Valdez, (Table 10) also shows the importance of the fishing industry on occupational composition. The three excluded communities have a similar distribution of occupations and are impacted by other major employers as well. Kenai's composition of occupations, while influenced by the seafood industry, also shows the influence of the oil industry, which has relatively large professional and technical, and services occupational groups. Kodiak's economy has a strong seafood industry but also has a large federal government (Coast Guard/1) contingency that increases their professional and technical occupations above what one might expect in a community of that size. Major employers in Valdez include fish harvesting, government, and the oil industry.

Only one community in both the Northern and Southwest regions had a population above the cutoff point. Employment in the Northern region and therefore the occupational composition, is dominated by the oil industry and related construction activities. The economies of the Southwest communities are predominately supported by the fishing industry. Nome in the Northern and Bethel in the Southwest labor market areas act as regional centers and as a result over half the occupations are in government (local, state, and federal). Services and trade related occupations are also much greater as a result of being a regional center.

Conclusion

Prospects for economic development in the rural communities of Alaska are dependent on natural resources. Mining offers the greatest long range opportunities while fishing and forestry offers the better short range opportunities to most smaller communities. The current occupational composition of these areas suggest that new projects will be able to find individuals with the desired occupational skills even if the work force is small. Individuals considering a career choice should examine both the areas industries, existing and potential, and the occupational composition of these industries as well as the occupational composition of their communities.

1/ The Coast Guard is part of the U.S. Department of Transportation. All other noncivilian military is excluded.

Table 2
Examples of Occupations by Occupation Group

Officers and Managers
Education Administers, Food Service, Lodging, Financial, and Construction Managers

Professional and Technical
Accountants, Teachers, Computer Programers, Lawyers, Purchasing Agents, Economists, Social Workers

Sales
Sales Clerks, Cashiers, Travel Agents

Clerical
Secretaries, Tellers, General Office Clerks, Hotel Desk Clerks, Data Entry Clerks

Services
Janitors, Guards, Barbers, Bartenders, Cooks, Dental Assistants

Agricultural and Forestry
Choke Setters, Nursery Workers

Crafts, Operators, and Laborers
Cannery Workers, Bus Drivers, Electricians, Automotive Mechanics, Home Appliance Repair Persons, Dry Cleaning Persons, Seamen, Material Movers

1/ For a more detailed description of occupations see Occupational Employment Statistics Dictionary, Bureau of Labor Statistics, U.S.Department of Labor.

Table 3
Occupational Employment in Fish Processing /1

Occupational Group	Total Employment	Percent
Officers & Managers	183	1.8
Professional & Technical	93	0.9
Sales	16	0.2
Clerical	420	4.2
Service	365	3.7
Agriculture & Forestry	298	3.0
Crafts, Operators & Laborer	8,560	86.2
Total Occupational Employment	9,935	100.0

1/Based on a 1983 Manufacturing survey.

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit, Occupational Employment Statistics Survey.

Table 4
Annual Average Employment by Occupational Group 1/ Red Dog Mine

Occupational Group	Employment	Percent
Officers & Managers	7	1.6
Professional & Technical	35	8.3
Sales	N/A	N/A
Clerical	35	8.3
Services	40	9.4
Agricultural & Forestry	N/A	N/A
Crafts, Operators & Laborer	307	72.4
Total Occupational Employment	424	100.0

1/ Cominco Alaska, Inc. use different categories to group occupations so that the above table is only an approximation using Research and Analysis's categories.

Source: Final Environmental Impact Statement, Red Dog Mine, U.S. Environmental Protection Agency and U.S. Department of Interior, 1984.

Table 5
Occupational Employment Composition by Major Occupational Groups
Matsu Borough
1985

Occupational Group	Total Employment	Percent
Officers & Managers	484	7.5
Professional & Technical	1,363	21.2
Sales	839	13.0
Clerical	1,083	16.8
Service	1,052	16.3
Agriculture & Forestry	18	.3
Crafts, Operators & Laborer	1,605	24.9
Total Occupational Employment	6,444	100.0

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 6
Occupational Employment Composition by Major Occupational Groups
Interior 1/
1985

Occupational Group	Total Employment	Percent
Officers & Managers	272	8.0
Professional & Technical	953	27.9
Sales	154	4.5
Clerical	493	14.4
Service	586	17.1
Agriculture & Forestry	13	.4
Crafts, Operators & Laborer	949	27.7
Total Occupational Employment	3,420	100.0

1/ Excludes Fairbanks North Star Borough

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 7
Occupational Employment Composition by Major Occupational Groups
Southeast 1/
1985

Occupational Group	Total Employment	Percent
Officers & Managers	343	6.5
Professional & Technical	887	16.9
Sales	353	6.7
Clerical	551	10.5
Service	768	14.6
Agriculture & Forestry	510	9.7
Crafts, Operators & Laborer	1850	35.2
Total Occupational Employment	5,262	100.0

1/ Excludes Juneau, Sikta, and Ketchikan

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 8
Occupational Employment Composition by Major Occupational Groups
Sitka
1985

Occupational Group	Total Employment	Percent
Officers & Managers	236	7.1
Professional & Technical	863	25.8
Sales	180	5.4
Clerical	435	13.0
Service	502	15.0
Agriculture & Forestry	91	2.7
Crafts, Operators & Laborer	1,035	31.0
Total Occupational Employment	3,342	100.0

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 1
Industry Occupational Composition by Major Occupational Groups
Statewide
1985 1/

Percent Distribution by Industry

Occupational Group	Mining	Constr.	Mfg.	Trans, Comm, Utilities	Trade	Finance, Insur, & Real Estate	Services	Government	Total
Officers & Managers	6.4	6.3	3.2	7.0	7.3	10.2	7.4	7.0	7.0
Professional & Technical	28.1	5.8	3.2	7.9	3.0	13.7	29.6	42.5	21.2
Sales	0.6	0.9	2.4	5.6	33.3	9.1	4.0	0.5	8.8
Clerical	10.1	9.7	7.2	26.3	11.2	57.7	20.6	22.0	19.2
Service	1.6	0.7	3.7	3.3	28.8	3.2	26.4	11.9	14.9
Agriculture & Forestry	0.0	0.2	6.9	0.0	0.6	0.7	0.1	0.5	0.9
Crafts, Operators & Laborers	53.2	76.5	73.7	49.8	15.9	5.4	11.5	15.6	28.0
Total Occupational Employment	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent Employment by Industry	4.0	8.5	6.8	8.2	20.9	5.2	17.9	28.4	100.0

1/ All data adjusted to 1985 employment levels. Year of survey was 1982 (Federal Government), 1983 (Mfg.), 1984 (Mining, Construction, Finance, Insurance & Real Estate), and 1985 (Transportation, Communication and Utilities, and Trade).

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit

Table 9
Occupational Employment Composition by Major Occupational Groups
Ketchikan
1985

Occupational Group	Total Employment	Percent
Officers & Managers	339	6.3
Professional & Technical	1,143	21.3
Sales	490	9.1
Clerical	814	15.1
Service	788	14.7
Agriculture & Forestry	166	3.1
Crafts, Operators & Laborer	1,634	30.4
Total Occupational Employment	5,374	100.0

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 10
Occupational Employment Composition by Major Occupational Groups
Gulf Coast 1/
1985

Occupational Group	Total Employment	Percent
Officers & Managers	128	5.0
Professional & Technical	309	12.1
Sales	124	4.9
Clerical	365	14.3
Service	334	13.1
Agriculture & Forestry	116	4.5
Crafts, Operators & Laborer	1,147	46.0
Total Occupational Employment	2,550	100.0

1/ Excludes Kenai, Kodiak, and Valdez

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 11
Occupational Employment Composition by Major Occupational Groups
Kenai
1985

Occupational Group	Total Employment	Percent
Officers & Managers	553	5.4
Professional & Technical	1,662	16.3
Sales	942	9.3
Clerical	1,465	14.4
Service	1,505	14.8
Agriculture & Forestry	46	.5
Crafts, Operators & Laborer	4,004	39.3
Total Occupational Employment	10,177	100.0

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 12
Occupational Employment Composition by Major Occupational Groups
Kodiak
1985

Occupational Group	Total Employment	Percent
Officers & Managers	337	6.3
Professional & Technical	978	18.2
Sales	324	6.0
Clerical	705	13.1
Service	791	14.7
Agriculture & Forestry	141	2.6
Crafts, Operators & Laborer	2,092	39.0
Total Occupational Employment	5,368	100.0

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 13
Occupational Employment Composition by Major Occupational Groups
Valdez
1985

Occupational Group	Total Employment	Percent
Officers & Managers	107	6.3
Professional & Technical	251	14.9
Sales	77	4.6
Clerical	233	13.8
Service	328	19.4
Agriculture & Forestry	13	.8
Crafts, Operators & Laborer	681	40.3
Total Occupational Employment	1,690	100.0

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 14
Occupational Employment Composition by Major Occupational Groups
Northern 1/
1985

Occupational Group	Total Employment	Percent
Officers & Managers	542	5.0
Professional & Technical	2,056	18.9
Sales	249	2.3
Clerical	1,188	10.9
Service	1,314	12.1
Agriculture & Forestry	4	0.0
Crafts, Operators & Laborer	5,497	50.7
Total Occupational Employment	10,850	100.0

1/ Excludes Nome

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 15
Occupational Employment Composition by Major Occupational Groups
Nome
1985

Occupational Group	Total Employment	Percent
Officers & Managers	150	6.1
Professional & Technical	777	31.4
Sales	118	4.8
Clerical	400	16.2
Service	427	17.3
Agriculture & Forestry	6	.2
Crafts, Operators & Laborer	597	24.1
Total Occupational Employment	2,475	100.0

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 16
Occupational Employment Composition by Major Occupational Groups
Southwest 1/
1985

Occupational Group	Total Employment	Percent
Officers & Managers	467	4.9
Professional & Technical	1,408	14.7
Sales	251	2.6
Clerical	887	9.3
Service	1,037	10.9
Agriculture & Forestry	102	1.1
Crafts, Operators & Laborer	5,403	56.5
Total Occupational Employment	9,555	100.0

1/ Excludes Bethel

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Table 17
Occupational Employment Composition by Major Occupational Groups
Bethel
1985

Occupational Group	Total Employment	Percent
Officers & Managers	226	6.6
Professional & Technical	1,270	37.0
Sales	144	4.2
Clerical	519	15.1
Service	662	19.3
Agriculture & Forestry	1	0.0
Crafts, Operators & Laborer	610	17.8
Total Occupational Employment	3,432	100.0

Source: Alaska Department of Labor, Research and Analysis, Occupational Information Unit.

Alaska

By Edward Eboch

Current Trends

Alaska is experiencing its normal seasonal increase in employment but the seasonal rebound is not sufficient to mask the weakness in Alaska's economy. While employment is up 4,900 in May, it is down 2,300 from May of 1985. The loss in employment over the year is a result of cutbacks in state expenditures, cutbacks in oil company activities, and the psychological effect of the disappointing economic news about Alaska's economy.

The construction industry is reeling from a double blow. Besides the impact of the loss of state funded projects, oil companies are cutting back North Slope projects where possible. So far, cuts in oil related employment have been concentrated in the oil services sector of oil and gas. However, the result is a much greater drop in construction employment than anticipated earlier. The surprise is the strength in residential construction in light of the overbuilding in most communities.

Detailed analysis of the data shows declines in employment in these construction support sectors as well: construction equipment, furniture and home furnishings, lumber and other construction materials, hardware, plumbing and heating materials in the trade industry; engineers and architects in the service industry; local trucking in the transportation industry; and real estate operators and developers in the finance, insurance and real estate industry.

While much of the drop in employment in trade and in the various sectors of services and finance, insurance and real estate can be directly attributed to declines in construction, there is evidence that consumers reluctance to spend has also impacted these industries. Most of the loss in employment in trade is in construction support businesses. All the durable goods sectors of wholesale trade have year to year declines in employment including motor vehicle suppliers; furniture and home furnishings; lumber and other construction materials; electrical goods; hardware, plumbing and heating; and machinery and equipment supplies. Employment in the nondurable goods sector of wholesale trade has employment gains over the year.

The same is happening in retail trade. The durable goods sectors are experiencing declines in employment while the nondurable sectors have increases in employment. Declines in employment in the durable goods sectors of retail trade include both construction related as well as consumer related durable goods, suggesting that consumers

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

				Changes From:	
	p/ 5/86	r/ 4/86	5/85	4/86	5/85
Nonag. Wage & Salary	229700	224800	232000	4900	-2300
Mining	8700	9000	9500	-300	-800
Construction	15200	14000	18000	1200	-2800
Manufacturing	12100	10100	12100	2000	0
Food & Kindred Prod.	6000	4100	6000	1900	0
Lumber & Paper Prod.	2700	2600	2600	100	100
All Other Mfg.	3400	3400	3500	0	-100
Trans. Comm. & Utilities	19600	18300	19600	1300	0
Trucking & Whseing.	2300	2100	2200	200	100
Water Transportation	1600	1300	1500	300	100
Air Transportation	6400	6000	6400	400	0
Other Trans. Comm. & Utilities	9300	8900	9500	400	-200
Trade	45700	44500	46100	1200	-400
Wholesale	8400	8300	8800	100	-400
Retail	37300	36200	37300	1100	0
Gen. Mer. & Apparel	5200	5100	5200	100	0
Food Stores	6300	6000	6100	300	200
Eating & Drinking Pl.	13900	13400	13600	500	300
Other Retail Trade	11900	11700	12400	200	-500
Finance-Ins. & R.E.	13100	13000	12700	100	400
Services & Misc.	46000	45400	45100	600	900
Government	69300	70500	68900	-1200	400
Federal	18000	17800	17700	200	300
State	19600	21000	19800	-1400	-200
Local	31700	31700	31400	0	300

Prepared in cooperation with the U.S. Bureau of Labor Statistics.
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1985.

p/ Denotes primary estimates.
r/ Denotes revised estimates.

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 5/86	R/ 4/86	5/85	P/ 5/86	R/ 4/86	5/85	P/ 5/86	R/ 4/86	5/85	P/ 5/86	R/ 4/86	5/85
Alaska Statewide	265455	262081	252188	28316	29812	23792	10.7	11.4	9.4	237139	232269	228396
Anch. MatSu Region	140327	139766	134496	13643	13803	11111	9.7	9.9	8.3	126684	125963	123385
Anchorage Borough	122898	122281	117956	10852	10873	8828	8.8	8.9	7.5	112046	111408	109128
MatSu Borough	17429	17485	16540	2791	2930	2283	16.0	16.8	13.8	14638	14555	14257
Gulf Coast Region	29461	27802	27151	3993	4469	3240	13.6	16.1	11.9	25468	23333	23911
Kenai Peninsula Bor	18868	17698	17138	3115	3266	2348	16.5	18.5	13.7	15753	14432	14790
Kodiak Island Bor	6685	6273	6341	542	645	574	8.1	10.3	9.1	6143	5628	5767
Valdez-Cordova	3908	3831	3672	336	558	318	8.6	14.6	8.7	3572	3273	3354
Interior Region	41619	41155	39006	5690	5979	4930	13.7	14.5	12.6	35929	35176	34076
Fairbanks North Star Br	33916	33413	31677	4882	4987	4140	14.4	14.9	13.1	29034	28426	27537
Southeast Fairbanks	3273	3274	3057	340	403	275	10.4	12.3	9.0	2933	2871	2782
Yukon-Koyukuk	4430	4468	4272	468	589	515	10.6	13.2	12.1	3962	3879	3757
Northern Region	8245	8504	8158	927	1072	758	11.2	12.6	9.3	7318	7432	7400
Kobuk	2596	2675	2558	306	349	242	11.8	13.0	9.5	2290	2326	2316
Nome	3520	3643	3438	465	541	350	13.2	14.9	10.2	3055	3102	3088
North Slope Borough	2129	2186	2162	156	182	166	7.3	8.3	7.7	1973	2004	1996
Southeast Region	34324	33548	32729	3109	3364	2991	9.1	10.0	9.1	31215	30184	29738
Haines Borough	1067	1088	1041	93	147	113	8.7	13.5	10.9	974	941	928
Juneau Borough	13552	13183	12809	1206	1245	1048	8.9	9.4	8.2	12346	11938	11761
Ketchikan Gateway Bor	7334	7144	6958	688	717	626	9.4	10.0	9.0	6646	6427	6332
Pr. of Wales-Outer Ketch	2579	2514	2464	311	321	304	12.1	12.8	12.3	2268	2193	2160
Sitka Borough	4182	4032	3959	318	295	277	7.6	7.3	7.0	3864	3737	3682
Skagway-Yakutat-Angoon	2040	2064	1985	224	308	255	11.0	14.9	12.8	1816	1756	1730
Wrangell-Petersburg	3570	3523	3513	269	331	368	7.5	9.4	10.5	3301	3192	3145
Southwest Region	11479	11306	10648	954	1125	762	8.3	10.0	7.2	10525	10181	9886
Aleutian Islands	2668	2610	2478	96	122	62	3.6	4.7	2.5	2572	2488	2416
Bethel	4535	4457	4184	453	508	350	10.0	11.4	8.4	4082	3949	3834
Bristol Bay Borough	438	445	409	29	50	25	6.6	11.2	6.1	409	395	384
Dillingham	1964	1966	1846	149	211	142	7.6	10.7	7.7	1815	1755	1704
Wade Hampton	1874	1828	1731	227	234	183	12.1	12.8	10.6	1647	1594	1548

P/ Preliminary R/ Revised 1985 Benchmark

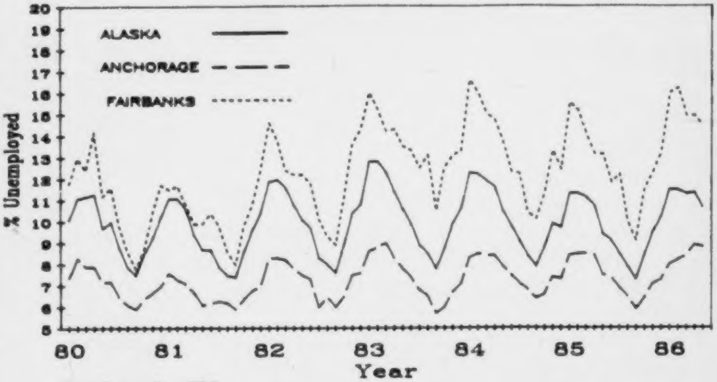
Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

re unwilling to invest in big ticket items with the uncertainty about the state's economy. Information from the banking sector show that individual saving accounts have increased. The overbuilding and reluctance to purchase houses is evident in lower house prices and lower rents as well as lower employment in the real estate sector and small declines in employment in the banking sector.

Conclusion

Alaska's businesses are beginning to feel the affects of lower oil prices. The impact is beginning to be felt beyond state government, the oil industry, and construction. With the uncertainty about the ability of the state to weather the current economic crisis, individuals are beginning to spend less on durable goods, houses, and to a lesser extent on other consumer goods. While the banner year in tourism will help delay the impacts of less state expenditures and less oil activities the state appears to be entering a period of economic contraction. At this time the year to year losses in employment are not expected to continue but there is little prospect for employment growth. Now, with Congress trying to cut federal expenditures, uncertainty about the expanded military presence in Alaska has raised additional concerns. While an increase in oil prices would improve the economic outlook, the uncertainty created by the recent price collapse will dampen any recovery in the near term.

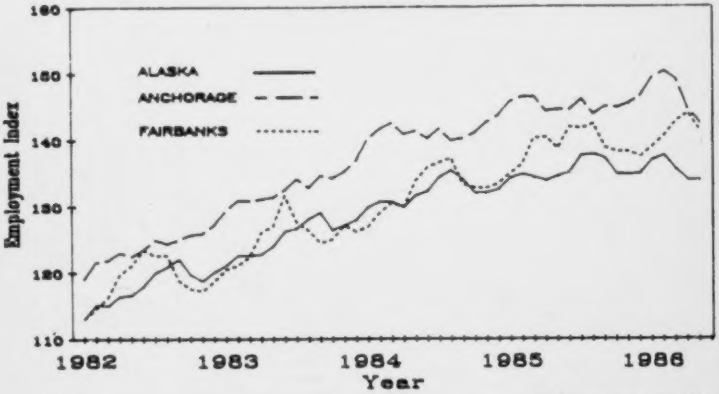
UNEMPLOYMENT RATES
NOT SEASONALLY ADJUSTED
1980 to Present



Benchmark 1985

source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage/MatSu

By Greg Huff

Anchorage Employment Declines

May preliminary employment estimates for Anchorage show employment declined by 2,300, a 2% drop from the levels of the previous year. Not since 1979 has May employment been below the levels of the previous year. This represents an end to a period of expansion and the beginning of a recessionary period, the second in the past decade. The last period of employment declines for Anchorage began in October 1978 and ended in March 1980.

Prior to May, 1986 employment levels were above that of 1985, but the generally robust month of May was rather dismal as normal seasonal employment increases did not materialize (see graph). During the past five years, employment gains in May ranged from 1.6% to 2.7%. This year, the gain was less than 0.2%. Seasonal increases in construction, food processing and retail trade employment usually offset summer layoffs of the University of Alaska and the Anchorage Community College; however, this was not the case this year.

Contraction of the Anchorage economy has been caused by falling oil prices and declining construction activity. Although declining oil prices are an important factor affecting construction activity, a downturn in construction employment was inevitable due to the oversupply of commercial, retail and, in particular, housing space.

Declines in residential building permits began in 1984 when oil prices were nearly double what they are today; however, the downturn in construction employment is more acute as a result of falling oil prices. Declines in the state capital budget and pessimistic expectations of the times ahead have discouraged investments in the private sector. Over 2,200 jobs have been lost in the construction industry and approximately 400 additional jobs have been lost in the industries providing equipment, building materials, and services to the construction industry.

Falling oil prices have had an adverse affect on the oil industry. Mining employment declined by 250 in May and is below the year-ago level by the same amount. Most of the declines were based in oil field service companies that provide drilling, exploration or other services to the major producers. Cutbacks on manufacturing and assembly of equipment used in the oil fields will occur almost exclusively outside Anchorage and will have little impact on employment in other sectors of the economy.

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	p/	r/		Changes From:	
	5/86	4/86	5/85	4/86	5/85
Nonag. Wage & Salary	111900	111700	114200	200	-2300
Mining	4000	4250	4250	-250	-250
Construction	6350	5750	8550	600	-2200
Manufacturing	2750	2450	2850	300	-100
Food & Kindred Prod.	700	450	700	250	0
Other Mfg.	2050	2000	2150	50	-100
Trans. Comm. & Utilities	9900	9500	10350	400	-450
Trucking & Whseing.	1150	1100	1200	50	-50
Water Transportation	350	300	350	50	0
Air Transportation	4050	3850	4100	200	-50
Other Trans. Comm. & Utilities	4350	4250	4700	100	-350
Trade	27100	26800	27250	300	-150
Wholesale	6200	6250	6600	-50	-400
Retail	20900	20550	20650	350	250
Gen. Merchandise	1800	1850	1850	-50	-50
Food Stores	3000	3000	3000	0	0
Eating & Drinking Pl.	8100	7800	8000	300	100
Other Retail Trade	8000	7900	7800	100	200
Finance-Ins. & R.E.	8750	8700	8700	50	50
Services & Misc.	26550	26950	26100	-400	450
Government	26500	27300	26150	-800	350
Federal	9900	10050	9800	-150	100
State	6900	7550	6950	-650	-50
Local	9700	9700	9400	0	300

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

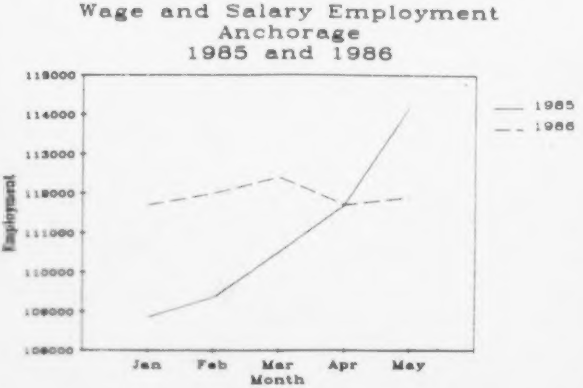
	p/	r/		Changes From:	
	5/86	4/86	5/85	4/86	5/85
Nonag. Wage & Salary	119400	119400	121650	0	-2250
Mining	4000	4300	4300	-300	-300
Construction	7000	6400	9200	600	-2200
Manufacturing	2850	2550	2950	300	-100
Trans. Comm. & Utilities	10600	10200	11000	400	-400
Trade	29000	28750	29150	250	-150
Finance-Ins. & R.E.	9350	9300	9250	50	100
Services & Misc.	27650	28150	27350	-500	300
Government	28950	29750	28450	-800	500

State and local government employment is also adversely affected by declining oil prices. State employment declined in May, and with the new fiscal year beginning in July, more layoffs are expected. Since local government receives revenue sharing and debt relief among other benefits from the state, both the school district and municipality will face budget constraints in the upcoming fiscal year, certain to cause layoffs.

A mix of technological changes and economic woes have contributed to significant employment declines in the communications and utility sectors; however, the transportation sector has remained relatively stable.

Conclusion

Anchorage has entered another phase of the economic cycle. Wage and salary employment in May 1986 was below the May 1985 level and year to year declines are expected to continue into 1987. While the Anchorage/MatSu unemployment rate of 9.7% was down slightly from last month's 9.9% rate, it was much higher than last May's rate of 8.3%. This is reflected in the increased number of unemployed workers in the region. There were 2,000 more unemployed workers this May than a year ago in Anchorage. There were 500 more unemployed this year than last year in the MatSu Borough. Anchorage's economy has been slow before, but has not experienced its last expansionary period. Only the time frame of the next upswing is in question.



Fairbanks/Interior

By Neal Fried

Fairbanks' 1986 Capital Budget

The news concerning the state's capital budget this year was a source of great anxiety. This anxiety was well founded considering the dramatic fall in oil prices and the role the capital budgets play in Alaska's local economies. Now that most of the budget cloud has cleared, the capital budget shortfall is not as great as many predicted. The state's capital budget is approximately 25% smaller in FY87 (July 1986 to June 1987) than in FY86. Fairbanks' share of the capital budget adds up to approximately $71 million, an almost identical level to last year's. There is one major accounting hitch to this comparison, and that is the reappropriation bill.

Though this year's "official" capital budget bill (HCS CSSB 171) has an allocation level for Fairbanks similar to the FY86 level, if the reappropriation bills are considered (SCS CSHB 195 in FY86 and SCS CSHB 574 in FY87) the outlook changes. The reappropriation bill, which is separate from the capital budget, uses funds from past operating and capital budget bills that were not spent. These reappropriation bills complicate the comparison of capital budgets from year to year because they may use funds allocated in any past year, affecting the level of past allocation. Although this makes it impossible to make precise annual capital budget comparisons, a rough estimate can be made.

If we consider the combined capital allocations and reappropriation bills, Fairbanks' capital budget was $78 million in 1986, compared to $97 million in 1985, which represents a 20% decline. This smaller budget will exacerbate declines already taking place in residential and commercial sectors of Fairbanks' construction industry. To keep the capital budget as large as it was in 1986 the state drew upon several one time sources of income such as the settlement of the Trans Alaska Pipeline System litigation to supplement the FY87 budget. Supplementing will be more difficult next year because these pools of wealth will not be readily available. At the same time, oil revenues flowing into the state treasury continue to shrink.

The FY87 capital budget for Fairbanks is larger than FY81 ($67 million) and FY83 ($56 million), which were once considered generous. (The FY81 capital budget bill was commonly referred to as the "Christmas Tree bill" because there was "something for everyone.") Though FY87's capital budget is not a growth budget, it is large considering the precipitous decline in oil prices. The decline in the capital budg-

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	p/	r/		Changes From:	
	5/86	**4/86**	**5/85**	**4/86**	**5/85**
Nonag. Wage & Salary	29900	29450	29250	450	650
Mining	200	100	200	100	0
Construction	3100	2750	3200	350	-100
Manufacturing	600	600	550	0	50
Trans. Comm. & Utilities	2900	2750	2850	150	50
Trucking & Whseing.	500	450	500	50	0
Air Transportation	900	900	850	0	50
Other Trans. Comm. & Utilities	1500	1400	1500	100	0
Trade	6400	6150	6200	250	200
Wholesale	1000	950	1000	50	0
Retail	5400	5200	5200	200	200
Gen. Mer. & Apparel	550	550	500	0	50
Food Stores	850	850	800	0	50
Other Retail Trade	4000	3800	3900	200	100
Finance-Ins. & R.E.	1100	1100	1000	0	100
Services & Misc.	5950	5950	5700	0	250
Government	9650	10050	9550	-400	100
Federal	2900	2750	2850	150	50
State	3750	4300	3850	550	-100
Local	3000	3000	2850	0	150

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	p/	r/		Changes From:	
	5/86	**4/86**	**5/85**	**4/86**	**5/85**
Nonag. Wage & Salary	33650	33050	33250	600	400
Mining	300	250	300	50	0
Construction	3150	2900	3300	250	-150
Manufacturing	600	600	600	0	0
Trans. Comm. & Utilities	3200	2950	3200	250	0
Trade	6750	6500	6600	250	150
Finance-Ins. & R.E.	1150	1150	1050	0	100
Services & Misc.	6350	6300	6100	50	250
Government	12150	12400	12100	-250	50

et will not be felt immediately because of the lag time of projects being completed from past years.

A bright spot for Fairbanks' construction picture is the planned military related construction. Presently, there is some question whether the funds will become available because of efforts to cut military expenditures. If the military's planned capital expenditures come to fruition in 1987-88, they could help compensate for the state budget shortfalls.

Not all of Fairbanks' capital construction budget funds are earmarked for construction, though it is the major beneficiary. Approximately 86% of the capital budget goes to construction. More than 75 separate appropriations for Fairbanks were made in the combined bills. A total of 14 projects exceed $1 million each. The single largest appropriation was $17.9 million for the Geist Road extension and the smallest was $1000 for a personal computer for the Community Food Bank. For further detail, request a copy of the summary of HB574 and SB171 from your Legislative Information Office.

Current Trends

Fairbanks' unemployment rate is down slightly for May, but remains more than one percentage point above previous year levels. The May unemployment rate for 1986 is 14.4% compared to 13.1% in May 1985. The number of unemployed people in Fairbanks has increased from 4,140 last May to 4,882 for the same month in 1986. This represents a 16% increase in the number of unemployed.

Fairbanks' wage and salary employment however, continues to increase, albeit slowly, as a result of an increased work force. Construction, mining and state government employment have registered losses while the remaining industries are on the plus side. Overall, wage and salary employment for Fairbanks was 600 above last year.

Gulf Coast

By Neal Fried

Seward — A Late Bloomer

Employment data for Seward indicates that the city did not miss Alaska's recent boom. During the early 1980s, Seward's economy began to expand along with the rest of the state. Seward's economy stalled in 1983, while much of the remainder of the state was reaching its peak economic performance. In 1984 Seward's economy began to improve and this momentum continued through 1985 (the most recent employment statistics for the City of Seward).

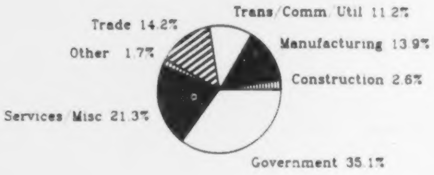
From 1980 to 1985 Seward's employment grew 21% compared to 35% statewide and 46% borough-wide. Given present trends, Seward's economic growth may catch up to and even surpass the state's growth. Seward's economy began exhibiting some vigor again in 1984, while the statewide economy started to show signs of weakness. Seward's economy continues to buck statewide trends in 1986. As employment in the state declines, employment in Seward continues to increase.

Seward's economy will continue to grow in 1986 because of construction of the new $44 million maximum security prison. Presently there are 103 construction workers on the project. More significantly, when the prison is completed in the fall of 1987, there will be approximately 196 new jobs in Seward. There are discussions to double the size of the prison so that it would accommodate 640 inmates instead of 320. If this happens, eight additional personnel will be needed.

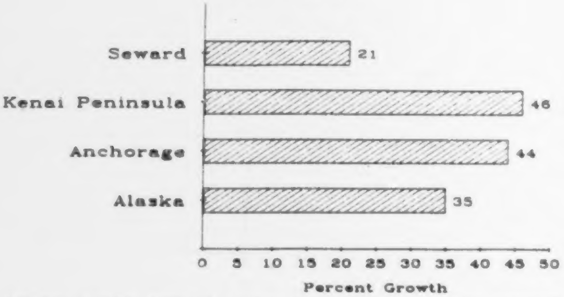
Considering these numbers alone, the 1986 wage and salary work force will be up 15%. The multiplier effect will foster additional employment. More importantly, these jobs will provide stability to Seward's seasonal economy. Not only will Seward's employment statistics be bucking the statewide employment trends in 1986, but it appears they will continue to do so through 1988.

Although employment will grow in Seward, there will be downward pressure on some industries. State and local government's budgets are heavily dependent on state oil revenues. As a result, there will be pressure to cut back local government expenditures in the near future. The present slowdown in the state's economy could mean less freight will be coming through Seward's port. These countervailing economic winds will offset some of the growth the prison will bring to Seward.

City of Seward
Employment by Industry
1985



Wage and Salary Employment
Percent Growth
1980−1985



Source: Alaska Dept of Labor, Research & Analysis Section

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	p/	r/		Changes From:	
	5/86	**4/86**	**5/85**	**4/86**	**5/85**
Nonag. Wage & Salary	21500	19750	21200	1750	300
Mining	800	800	850	0	-50
Construction	1950	1700	1900	250	50
Manufacturing	3200	2050	3350	1150	-150
Food & Kindred Prod.	2550	1400	2650	1150	-100
All Other Mfg.	650	650	700	0	-50
Trans. Comm. & Utilities	1750	1800	1750	-50	0
Trade	4100	3750	3900	350	200
Wholesale	500	450	500	50	0
Retail	3600	3300	3400	300	200
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3400	3250	3250	150	150
Government	5650	5750	5550	-100	100
Federal	600	550	500	50	100
State	1500	1600	1550	-100	-50
Local	3550	3600	3500	-50	50½

Tourism from Anchorage residents may also suffer as a result of present economic woes. There are some factors that should offset this possible scenario. The military is expanding its recreation center in Seward to help accommodate the new light infantry division. This may stave off some loss of Alaskan tourists. An increase in out-of-state tourist could also help to make up for any shortfalls. Twenty-two tour ships are expected to dock in Seward this year, three times last year's number.

In spite of the fact that Seward's employment outlook is positive, opportunities for jobs will be mixed. Many of Seward's jobs are seasonal, particularly in the fishing and tourism industries. Job openings are quickly filled because there are still more people looking for work than there are job opportunities.

Though no specific unemployment rate for the City of Seward is calculated, the Kenai Peninsula Borough's unemployment rate reaches as high as 18.6% during the winter months. While the new jobs will provide some stability to the local job market and offer some job opportunities, it will not eliminate Seward's unemployment problems.

City of Seward
Wage and Salary Employment
1980* and 1985

	1980	1985	Percent Growth 1980-1985
Total	1019	1232	21%
Mining	**	**	**
Construction	32	32	0%
Manufacturing	243	171	-30%
Transportation	45	138	210%
Trade	141	175	24%
Finance-Ins. & R.E.	**	**	**
Services & Misc.	177	262	48%
Government	337	433	28%
Federal	34	39	15%
State	194	241	24%
Local	109	154	41%

* The wage and salary statistics in this table are different from the statistics presented in the January 1984 issue of the *Alaska Economic Trends*. They represent employment only within the boundaries of the City of Seward and have been revised as additional information became available.

** Nondisclosable

Current Trends

All of the area's unemployment rates fell by two points or more in May as many of the region's seasonal industries began to gear up for summer. The halibut and herring fisheries were active in May and the fishing industry was readying itself for the salmon season. The first large groups of tourists also began to arrive.

The Kodiak and Valdez-Cordova unemployment rates for May (8.1% and 8.6%) were below year-ago levels. However, the overall Kenai-Peninsula Borough unemployment rate of 16.5% is almost three points above last May's rate. Though employment in the Borough may be continuing to increase, it is at a much slower pace than in past years. The slower growth in job openings cannot keep up with the demand for new jobs, pushing the unemployment rate higher.

Southeast Alaska

By John Boucher

Prince of Wales-Outer Ketchikan Employment 1981-1985

The Prince of Wales-Outer Ketchikan census area encompasses the southern most area of Alaska. Geographically, it is best described as the area surrounding the Ketchikan Gateway Borough. Its boundaries are the Canadian border to the east and south, Prince of Wales and its outer islands to the west, and a mountain ridge which stretches from Cleveland Peninsula to Lewis Cass Mountain on the north.

The population of this census area in July of 1984 was 4,652, making it the third smallest of the seven Southeast Alaska areas in terms of population. Statewide, it ranks twentieth out of 23 census areas in population. About 70% of the census areas population lives on Prince of Wales and surrounding islands, predominantly in the communities of Craig, Hydaburg, Klawock and Thorne Bay. The largest community in the census area is Metlakatla which is located on Annette Island.

Employment in this census area has traditionally been concentrated in two industries, manufacturing and government. The manufacturing industry is made up of employers in logging and processing of timber as well as seafood processing employment, which is primarily fish cannery employment. Government employment in the region is dominated by local government entities, and most of this employment is education related.

One unusual occurrence in this census division, which combines the two leading industries, makes traditional industry employment analysis of the Prince of Wales-Outer Ketchikan census area inapplicable. The city of Metlakatla owns and operates one of the largest fish canneries in the census division. This complicates industry analysis because employment normally counted in the manufacturing industry is counted as government employment. The presence of this employment in government counteracts the normal seasonal trend in government as well as understates the relative importance of the fishing industry to the Prince of Wales-Outer Ketchikan census area.

Employment Growth 1981 to 1985

From 1981 to 1985 Prince of Wales-Outer Ketchikan ranked second among Southeast Alaska census areas in terms of percentage growth in wage and salary employment. Total employment grew 20.8% in the Prince of Wales-Outer Ketchikan census area during this time. Haines Borough was the fastest growing area in the region at 36.3%.

Industry employment growth in Prince of Wales-Outer Ketchikan was mixed during this period. Two industries, retail trade and government, accounted for most of the growth. However, other industries also experienced growth, which contributed to the overall good fortune of the Prince of Wales-Outer Ketchikan economy during the last five years.

Government contributed the most jobs to the areas economy from 1981 to 1985. Federal, state and local government all experienced growth, but local government was the largest gainer of the three. Federal government employment is dominated by the U.S. Forest Service, and all of the employment is based on Prince of Wales Island. The Postal Service and the Bureau of Indian Affairs also made some contribution but most of the growth occurring from 1981-85 is accounted for by the Forest Service. The increased presence of the Forest Service is partly due to the passage of the Alaska National Interest Land Conservation Act (ANILCA) in 1980. The role of the agency is to manage the timber and wildlife resources in the Tongass National Forest.

State government employment also experienced growth during this period, albeit slight. The two largest state agencies in terms of employment are the Department of Transportation and the Department of Fish and Game. Fish and Game's growth can be attributed to the management of the areas rich fishery while DOT/PF growth is related to ferry system and road maintenance employment.

Local government employment had the greatest growth in the region but with the Metlakatla cannery counted in this sector, the local government employment numbers are overstated. The Metlakatla cannery employs about 100 people on an annual average basis. Local government employment related to providing services to the areas communities, such as the school district and local governments, did experience growth during this period largely due to the generosity of the state government's operating budget in helping to finance local government expansion.

The city of Metlakatla reported a sharp increase in employment during the fourth quarter of 1985 which brought the local government annual average up by 75. This increase seems suspect at this point and would dramatically effect local government employment growth if employment turned out to be more in line with historical levels.

Secondary industries in Prince of Wales-Outer Ketchikan generally fared well in terms of employment growth from 1981-85. The only industries to decline in employment were transportation, and manufacturing. Retail trade experienced healthy growth due to increased construction related consumption and the beginning of an expanded tourism industry in the greater Ketchikan area. Services employment

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	p/	r/		Changes From:	
	5/86	4/86	5/85	4/86	5/85
Nonag. Wage & Salary	30000	29050	29950	950	50
Construction	1600	1300	1750	300	-150
Manufacturing	3400	3250	3350	150	50
Food & Kindred Prod.	850	800	800	50	50
Lumber & Paper Prod.	2350	2250	2300	100	50
All Other Mfg.	200	200	250	0	-50
Trans. Comm. & Utilities	2050	1900	2150	150	-100
Trade	4600	4400	4600	200	0
Wholesale	400	350	400	50	0
Retail	4200	4050	4200	150	0
Finance-Ins. & R.E.	1100	1100	1100	0	0
Mining, Services & Misc.	4700	4450	4600	250	100
Government	12550	12650	12400	-100	150
Federal	2200	2100	2100	100	100
State	5550	5700	5600	-150	-50
Local	4800	4850	4700	-50	100

and the finance, insurance and real estate industries also experienced some strong growth due to these two factors.

Currently the outlook for future employment growth in the Prince of Wales-Outer Ketchikan area is mixed. Government employment, which has been the strongest underpinning of the areas economy, looks to be softer in the next few years, especially state and local government. If the forest products industry improves, the federal presence in the area may continue to grow.

Manufacturing, the areas next largest employer, will be fairly strong in the coming years, especially in the seafood sector of that industry. The wood products industry, at least at the present, seems to be holding its own, and that bodes well for the Prince of Wales-Outer Ketchikan economy. What happens in other industries will be dependent upon the fate of these two industries more than any other factor. Increasing tourism could play a role in the amount of employment in these industries in the future, but any effect it might have would probably be negligible in comparison to manufacturing and government.

Prince of Wales-Outer Ketchikan
Nonagricultural Wage and Salary Employment
1981, 1983, 1985

	1981	1983	1985	% Change 81-85
Nonag. Wage & Salary	1502	1544	1815	20.8%
Mining	*	*	*	-
Construction	17	50	49	188.2%
Manufacturing	572	554	524	-8.4%
Trans. Comm. & Utilities	100	52	93	-7.0%
Trade	*	*	*	-
Wholesale	*	*	*	-
Retail	102	118	158	54.9%
Finance-Ins. & R.E.	31	67	50	61.3%
Services & Misc.	82	111	127	54.9%
Government	559	589	750	34.2%
Federal	62	85	111	79.0%
State	20	25	31	52.9%
Local	477	479	608	27.5%

* Nondisclosable

Current Trends

Southeast Alaska wage and salary employment reached 30,000 in May, an increase of 950 jobs over April. Construction, manufacturing, services and trade all showed signs of summer growth, while government posted a decline in employment. Through May, Southeast is still showing slight employment growth when compared to last year. State government employment, the industry in Southeast most likely to be hit by declining oil revenues, is showing a slight decline in employment when compared to May 1985. Southeast unemployment dropped to 9.1 percent in May, down from the 10.0 percent rate posted in April. Southeast was the only region in the state to have an unemployment rate which was equal to or lower than one year ago.

Hours and Earnings

By John Boucher

Current Trends

Average weekly earnings in the construction industry during the month of May underline the current weakness on the Alaskan economy. Construction average weekly earnings and average weekly hours were down in May in comparison to April and last May. Lumber and paper products hours and earnings were up significantly as logging operations in Southeast Alaska got into full swing. Trade, both in the wholesale and retail sectors, is exhibiting much the same pattern as the construction industry, down over both last month and last year. The most dramatic change in average weekly earnings data is in the finance, insurance and real estate industry, but that is partially due to more sample being available for the industry.

AUGUST 1986
ALASKA ECONOMIC TRENDS

Alaska Department of Labor **Bill Sheffield, Governor, State of Alaska**

School district stops hiring
1,000 workers may lose positions
The Nome Nugget
Alaska's Oldest Newspaper
RECEIVED
Tundra The Drums
Daily News
Numbers of unemployed Alaskans expected to swell with budget cuts
HOME FINAL
The Anchorage Times
Bethel waits for budget cuts
Sheffield set to deliver bad news on revenues
Anchorage Daily News
Tundra Times
Union jobs fallen on hard times
Daily Sentinel
Sheffield Lists Budget Plans
Fairbanks
Daily News-Miner
Sheffield to announce budget plans
special session in works
Valley braces for budget cuts
construction
a nosedive
The Economy
Shortfall
Drop in shared revenue leaves Ketchikan $1.1 million short
Knowles' plan eliminates 173 municipal positions
100 school workers will be cut

Estimating Unemployment

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 5/86	**R/ 4/86**	**5/85**	**P/ 5/86**	**R/ 4/86**	**5/85**	**P/ 5/86**	**R/ 4/86**	**5/85**
Mining	1132.33	1193.24	1130.70	50.8	51.7	48.3	22.29	23.08	23.41
Construction	929.83	942.03	946.82	39.5	40.5	41.6	23.54	23.26	22.76
Manufacturing	491.59	503.89	527.24	41.0	41.0	42.9	11.99	12.29	12.29
Food & Kindred Prod	300.96	303.80	346.11	38.0	39.2	41.6	7.92	7.75	8.32
Lumber & Paper Prod	764.00	672.14	760.86	49.1	45.6	47.2	15.56	14.74	16.12
Trans., Comm. & Utilities	545.39	551.10	559.10	35.3	36.4	37.1	15.45	15.14	15.07
Trade	366.28	377.86	394.30	32.5	32.8	33.5	11.27	11.52	11.77
Wholesale	486.55	510.64	523.78	36.5	37.3	37.2	13.33	13.69	14.08
Retail	322.09	329.78	346.04	31.0	31.2	32.1	10.39	10.57	10.78
Finance-Ins. & R.E	392.11	381.82	423.62	34.7	34.0	35.9	11.30	11.23	11.80

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Alaska Economic Trends

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

Judy Knight, *Director, Administrative Services*
Chuck Caldwell, *Chief, Research and Analysis*
Edward Eboch, *Editor*

Funded by:

JOB SERVICE

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Labor Force by Region and Census Area . . . . . Center Insert

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Estimating Unemployment

By Charles Caldwell

Each month the Department of Labor publishes in *Alaska Economic Trends* the most current estimates of labor force, resident unemployment, resident employment, and the unemployment rate for Alaska and areas within Alaska. Sometimes readers question the accuracy of these estimates, especially the unemployment rates for rural areas. For those people who wish to use Department of Labor's estimates of unemployment to show the social hardship of unemployment in rural areas, their perception that the unemployment rate for rural areas is understated is probably correct.

Two problems contribute to the gap between the Department of Labor's unemployment estimates and some people's perceptions that rural areas have more unemployed people than the estimates would lead one to believe. The first problem is the definition of "unemployed." The Bureau of Labor Statistics (BLS) definition differs from the popular use of the term, and misunderstanding can occur if the person interpreting the data is not aware of this difference. The second problem is that the methodology prescribed by BLS has built in problems in estimating unemployment in rural areas.

To some degree the problem of the definition will remain because BLS's goals in gathering data may differ from the goals of some individuals who use the data. BLS must use consistent definitions nationwide in order for the research to be useful. Even if the estimates were perfectly accurate, the unemployment rates still would not be sufficient to explain how many people are unemployed in the popular sense of the word.

The Alaska Department of Labor has been actively seeking a solution to the second problem of methodology by working with the Bureau of Labor Statistics to improve the methods used to estimate and allocate labor force data.

This article will focus on answering the following questions:

How are employment, unemployment, and related terms defined?
How is employment estimated?
What is being done to improve the estimates?

Definitions

Resident Employment - is an estimate of civilians residing in an area who during a survey week that includes the twelfth of the month either:

worked for pay;

were self-employed;

worked 15 hours or more as an unpaid worker in a family owned business;

were temporarily absent due to paid vacation, illness, bad weather, labor-management disputes, or personal reasons;

were waiting to be recalled from layoff; or

were waiting to report to a new job within the next 30 days.

Nonagricultural Wage and Salary Employment - is an estimate of the number of jobs (rather than persons) in an area. In nonagricul-tural wage and salary employment people are counted twice if they have two jobs, but only once in estimates of employment by place of residence.

Though less inclusive than resident employment nonagricultural wage and salary employment is usually larger than resident employment in Alaska. This is due to the large number of nonresident workers employed in this state.

Unemployment - is an estimate of civilians who:

were available to work;

were not employed at any time during the survey week that included the twelfth of the month; and

sought work within a four week period up to and including the survey week.

Discouraged Workers - refers to people who are not counted as unemployed because they did not perform a job search in the four week period up to and including the survey week.

In 1981 Research and Analysis staff completed a household survey patterned after the Current Population Survey (CPS) and published the results in *Lower Yukon-Kuskokwim Region Labor Market Analy-*

sis. Results revealed that the number of discouraged workers in the Wade Hampton area in January 1981 (538) was nearly double the number who were unemployed by the official definition (282). It is reasonable to infer that the number of discouraged workers will often be high in small isolated communities with few job search options.

Labor Force - is the sum of resident employment and unemployment.

Unemployment Rate - is derived by dividing the number of unemployed by the labor force, and expressing as a percent.

Current Population Survey (CPS) - a national monthly survey of households, carefully constructed to provide estimates of labor force composition.

Labor Market Area - An area with a central community and economic concentration in which workers can generally change jobs without changing their residence.

Unemployment Estimating

Unemployment rates for over 3,000 areas are estimated nationwide each month. The only estimates of resident employment and unemployment accepted for grants and allocations of federal funds are those produced by methodologies accepted by the U.S. Department of Labor, Bureau of Labor Statistics (BLS).

Financing of state and local area unemployment statistics will never permit monthly, statistically valid, household surveys to be taken for all areas of the nation for which unemployment estimates are now prepared. Compromises have been made in order to work within budget constraints.

The primary place where savings have historically been made is to blend information from available data sources that were not designed for the primary purpose of unemployment estimating, with CPS and decennial Census data to produce reasonable estimates for 39 states and nearly all areas. Methodology for producing unemployment rates for the 11 other states is discussed in method one below.

State Estimates

There are two basic methodologies used to estimate resident employment and unemployment by month at the statewide level:

1. National estimates of labor force and unemployment, as well as the estimates for 11 populous states and two areas, are directly derived

from the CPS. This survey is conducted using a sample of nearly 60,000 households each month. It permits an unbiased estimate that is not dependent upon data collected for other purposes which can vary because of administrative differences between states.

2. Alaska is one of 39 states, plus the District of Columbia and 253 areas (including Alaska's six economic regions), which can vary because of administrative differences between states.

   a. A preliminary estimate of resident employment is produced by adding estimates of:

      nonagricultural wage and salary employment adjusted to place of residence with decennial Census relationships;

      self-employed workers;

      unpaid family workers; and

      agricultural employment.

   b. A preliminary estimate of unemployment is produced using estimates of the following components:

      unemployment insurance claimants;

      workers who have exhausted their unemployment insurance benefits;

      unemployed workers who never filed for unemployment insurance;

      unemployed workers whose previous employment was not covered by unemployment insurance; and

      persons who are seeking employment either for the first time or who have reentered the labor force.

   c. The CPS sample is designed to produce annual estimates in 39 states. Monthly CPS estimates for those states have too much variation to be used directly as the official estimates. Instead estimates from the CPS for those states are aggregated for the most recent six month period and compared to the statewide estimates from the two steps above. The resulting factors are then used to correct the level of the preliminary estimates of resident employment and unemployment. This correction to the level of the CPS improves consistency between states, while maintaining a reasonable monthly trend.

Substate Estimates

Substate area labor force data estimates are produced using three methodologies.

1. Labor market area totals are forced to equal the adjusted statewide estimates.

2. Within each labor market area, the employment and unemployment estimates may be allocated to the smaller areas based upon the distribution of population and unemployment insurance claims data.

3. For smaller areas which have no unemployment insurance claims data available, the employment and unemployment estimates are allocated using population data only.

Currently, the allocation procedures for substate estimates overstate employment in rural areas. Because of this bias, unemployment rates in rural areas are lower than they would be otherwise. This happens because employment estimates are allocated by population, and jobs are not distributed evenly throughout the estimating areas proportionate to population.

Research and Analysis proposed a procedure which would more accurately reflect the lack of employment opportunities in rural areas. BLS has tentatively scheduled this procedure to be included in the approved methodologies for estimates beginning with the January 1987 data.

Improving The Estimates

The Bureau of Labor Statistics has been working for several years to upgrade state and local area unemployment estimates. This spring Research and Analysis conducted a survey of states to determine which attributes in a labor force estimating methodology were most important to them. The consensus was that accuracy and an explainable monthly trend, closely followed by realistic substate estimates, were judged by the states to be the most important of the several attributes listed in the survey.

Recently BLS proposed working with a group of states to revise unemployment estimating procedures. States will test proposed methodologies in parallel with existing methods over the next year. Changes resulting from this cooperative effort will probably be incorporated in estimates released beginning in February 1988.

Alaska will be involved in this effort. Other states will be selected to provide a representative mix of geographic areas with an emphasis on the 39 states which are not using the CPS directly.

Alaska

By Edward Eboch

Economic Outlook

June employment and unemployment estimates continued the trend of year to year declines observed in the April and May numbers. Although employment experienced its normal seasonal increase, up 5,700 from last month, unemployment was also up over the month as the seasonal increase in jobs failed to keep pace with the growth in the labor force. While an increase in the unemployment rate from May to June (10.7 to 10.8) is unusual, it has happened in the past, most recently in 1980.

Year to year employment declines were most notable in construction, mining and trade. These declines were largely a result of the decline in oil prices and the reductions in state spending. Manufacturing also lost employment as fish processing employment was below year-ago levels. The fishing season got off to a slow start as the expected salmon runs did not materialize. The only bright spot in the economy was the lumber industry with employment up 18% from last year.

State Spending

The Alaska Department of Revenue's June 1986 revenue forecast (done quarterly) was not good news to the state's economy, which was already suffering year-to-year employment losses. With oil prices at their lowest level in years, and little prospect of recovering soon, the expected revenues for FY87 are $857 million below the March forecast. The March revenue forecast was the basis for the FY87 budget, down already from FY86. The budget cuts required will result in additional jobs lost in state government, in the construction industry, and support industries.

March vs June Unrestricted Revenue Forecast
(millions of dollars)

	FY86 (mean case)	**FY87 (30% case)**	**FY88 (30% case)**
March	2721.1	2077.6	1614.2
June	2679.4	1220.4	1131.8
Difference	-41.7	-857.2	-482.4

Source: Alaska Department of Revenue

In order to meet the revenue shortfall, cuts in state expenditures were ordered by the Governor. Capital projects will be only partially funded this year and an immediate reduction in the operating budget by several hundred million dollars was ordered. The employees unions have been requested to reduce wages and benefits for additional savings. The total impact of the cuts can not be determined until each department decides just what programs will be cut and the extent of layoffs are set.

According to studies done by the Institute of Social and Economic Research (ISER) the impacts on employment can be estimated as specific reductions are identified /1. According to the ISER report, "for every drop of $100 million in state spending, an average of 2,000 jobs are lost to the Alaska economy. The loss of jobs vary greatly by the type of expenditure. The most important determinant of employment impact is the number of jobs directly created by the expenditure—either in government or the business sector. Indirect effects are relatively unimportant." On the basis of the ISER report, current budget cuts will result in a decline in statewide employment of approximately 15,000.

Besides the bleak economic news about state revenues, other indicators suggest the extent of economic problems across the state. Not only are residential and commercial building permits down from previous years, delinquency rates at Alaska Housing Finance Corporation for single family dwellings have increased to 9.1% in June from 8.5% the previous month. A preliminary report shows that telephone disconnects exceeded connects in Anchorage, suggesting that the net migration of past years has reversed itself.

Conclusion

The economic outlook for Alaska, like that for other oil producing states, is bleak. Major adjustments in the economy are in progress and will continue. Even with the rebound in the price of oil the economic fortunes for the state will be less attractive than that of the past five years. The uncertainty created by the recent collapse in oil prices will influence investment decisions as well as the level of state programs. There will be a shift away from the heavy dependence on state government to a greater dependence on the private sector to lead economic growth.

While most of the economic news has been disappointing, there is some positive developments afoot. The largest sealift in the states history has just begun and should result in increased construction activity on the North Slope later this year and next. The Light Infantry Division scheduled for Fairbanks should boost economic activity in

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 6/86	r/ 5/86	6/85	Changes From: 5/86	 6/85
Nonag. Wage & Salary	234700	229000	239000	5700	-4300
Mining	8800	8600	9500	200	-700
Construction	17400	15300	20900	2100	-3500
Manufacturing	14500	12000	14900	2500	-400
Food & Kindred Prod.	7900	5700	8600	2200	-700
Lumber & Paper Prod.	3100	2900	2700	200	400
All Other Mfg.	3500	3400	3600	100	-100
Trans. Comm. & Utilities	20200	19600	20200	600	0
Trucking & Whseing.	2400	2300	2400	100	0
Water Transportation	1500	1600	1500	-100	0
Air Transportation	6800	6400	6600	400	200
Other Trans. Comm. & Utilities	9500	9300	9700	200	-200
Trade	47200	45400	48200	1800	-1000
Wholesale	8600	8400	9100	200	-500
Retail	38600	37000	39100	1600	-500
Gen. Mer. & Apparel	5600	5300	5500	300	100
Food Stores	6500	6000	6400	500	100
Eating & Drinking Pl.	14300	13800	14400	500	-100
Other Retail Trade	12200	11900	12800	300	-600
Finance-Ins. & R.E.	13300	13200	13100	100	200
Services & Misc.	47700	45900	46800	1800	900
Government	65600	69000	65400	-3400	200
Federal	18300	17700	17900	600	400
State	19400	19600	19600	-200	-200
Local	27900	31700	27900	-3800	0

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes tezchers in primary and secondary schools, and personnel employed by the University of Alaska.

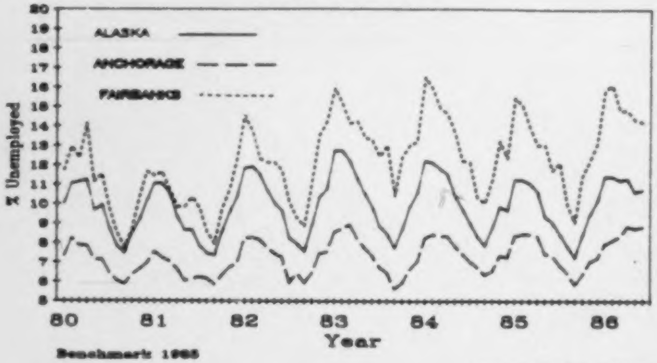
Benchmark date March 1985.

p/ Denotes primary estimates.
r/ Denotes revised estimates.

that community. While none of these activities will offset the loss of state support to the economy they will at least offset some of the impacts.

/1 "How State Spending Reductions Affect Economic Activity", ISER Working Paper 86.2, Scott Goldsmith, Institute of Social and Economic Research, University of Alaska, Anchorage, March 5, 1986.

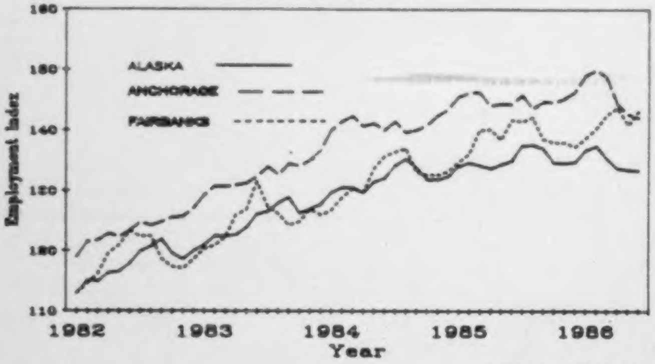
UNEMPLOYMENT RATES
NOT SEASONALLY ADJUSTED
1980 to Present



Benchmark 1985

source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage/MatSu

By Greg Huff

Current Economic Trends and Retail Trade

Industries with declining employment were in the majority according to June's Anchorage nonagricultural wage and salary employment figures. The construction industry was the largest employment loser with a drop of 2,450 jobs from year-ago figures. The decline in construction activity has been the catalyst for layoffs in industries such as building products manufacturing, sand and gravel, trucking, architecture, engineering and surveying services, real estate, and the wholesale and retail sector supplying building materials and household fixtures and furnishings. Overall construction-induced employment declines overshadowed declines influenced by loss of mining and state government jobs.

June employment figures for the mining industry (primarily, the oil industry) and state government show a combined loss of 500 jobs compared to year-ago employment figures. In the coming months, however, further declines in oil prices will intensify oil industry and state government employment layoffs. In turn these layoffs will have a negative effect on employment in other industries. This will be compounded by declines in the "buying power" of state employees if a proposed wage cut for state employees occurs. State government layoffs have the potential of creating a larger ripple through the economy than the downturn in the construction industry.

Retail Trade

With economic activity clearly on a downward trend, falling employment levels are becoming the norm in the retail trade industry. Out of the four broad categories reported for retail trade, general merchandise and eating and drinking places had employment losses; food stores had figures comparable to last year's levels; and the other retail trade category had employment levels above year-ago levels. However, the beginning of a downward pattern is indicated in their combined trend line. The sectors with falling employment are overtaking those with rising employment.

Those sectors within the other retail trade category with falling employment levels were related to the construction industry. These include establishments selling building materials, hardware and furniture and household furnishings while those with employment levels above year-ago are a diverse group of retailers ranging from liquor stores to florist, gift and souvenir shops, and fuel and ice dealers.

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

				Changes From:	
	p/ 6/86	**r/ 5/86**	**6/85**	**5/86**	**6/85**
Nonag. Wage & Salary	114700	112300	117250	2400	-2550
Mining	3900	4000	4200	-100	-300
Construction	7600	6450	10050	1150	-2450
Manufacturing	3100	2750	3150	350	-50
Food & Kindred Prod.	1000	700	950	300	50
Other Mfg.	2100	2050	2200	50	-100
Trans. Comm. & Utilities	10450	10000	10750	450	-300
Trucking & Whseing.	1200	1150	1250	50	-50
Water Transportation	300	350	400	-50	-100
Air Transportation	4300	4100	4200	200	100
Other Trans. Comm. & Utilities	4650	4400	4900	250	-250
Trade	27700	27050	28050	650	-350
Wholesale	6300	6250	6650	50	-350
Retail	21400	20800	21400	600	0
Gen. Merchandise	1850	1850	2050	0	-200
Food Stores	3100	3050	3100	50	0
Eating & Drinking Pl.	8250	7950	8350	300	-100
Other Retail Trade	8200	7950	7900	250	300
Finance-Ins. & R.E.	8850	8850	8850	0	0
Services & Misc.	27200	26800	26700	400	500
Government	25900	26400	25500	-500	400
Federal	10150	9950	9900	200	250
State	6700	6900	6900	-200	-200
Local	9050	9550	8700	-500	350

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

				Changes From:	
	p/ 6/86	**r/ 5/86**	**6/85**	**5/86**	**6/85**
Nonag. Wage & Salary	122300	119900	124900	2400	-2600
Mining	3950	4000	4250	-50	-300
Construction	8350	7050	10850	1300	-2500
Manufacturing	3250	2850	3300	400	-50
Trans. Comm. & Utilities	11150	10700	11350	450	-200
Trade	29700	29050	30000	650	-300
Finance-Ins. & R.E.	9350	9350	9400	0	-50
Services & Misc.	28400	27950	28000	450	400
Government	28150	28950	27750	-800	400

Many of these retail stores derive some of their business from tourism, which unlike construction, is growing.

The closing of the Montgomery Ward store is not connected to the current economic conditions of Anchorage but to that of the company. They are reorganizing and closing stores in many parts of the nation. The loss of Montgomery Ward caused general merchandise employment to fall below last years levels. The declining trend in retail trade employment is a stark departure of the growth cycle from 1980 to 1985.

Review of Retail Trade Employment 1980-1985

The retail trade industry was among the leaders in creating jobs from 1980 to 1985. During this period retail trade employment grew 62% or 10% compounded annually, which equates to nearly 8,000 new jobs. The largest change occurred between 1981 and 1982 with 17.3% growth. The smallest growth took place between 1984 and 1985 with only a 1.1% change. The growth pattern is illustrated in the accompanying graph. During the early parts of the 1980s retail trade employment grew rapidly. (However, seasonal declines in the first quarter of every year are evident.) Growth began to subside between 1984-1985.

All retail categories expanded between 1980 and 1985; new firms entered the Anchorage market and many existing firms expanded oper-

Anchorage Retail Trade Employment 1980-1985
Annual Average and Percent Change

	1980	1981	1982
General Merchandise	1728	1712	1645
Food Stores	1639	1955	2385
Eating and Drinking	4457	5453	6653
Apparel and Access.	710	769	972
Building Materials	535	759	986
Auto Dealers & Gas St.	1411	1559	1666
Furniture & Equip.	310	470	653
Misc. Retail	1969	2174	2458
Total Retail Trade	12762	14852	17419

Source: Research and Analysis ES202 report.

ations. The net increase in the number of retail firms was 273, bringing the total to 1,420 firms in 1985. With existing firms expanding and some large new firms entering the Anchorage market, the average number of employees per firm grew from 15 per firm to 19. Total wages paid by the retail industry increased nearly twofold from $179 million to $352 million, while the average monthly wage increased 21% from $1,170 to $1,420. (This is a decline of 2% in real wages when adjusted for inflation by the Anchorage Consumer Price Index.)

The factors that led to the dramatic growth in the number of retail trade jobs were population growth, increase in total personal income and moderate inflation. From 1980 to 1985 the number of Anchorage residents increased by 42%, personal income rose over 72%, and inflation declined from double digit levels in 1980 to 2.4% by 1985.

The rapid expansion in the retail trade sector, however, was not distributed evenly over its various segments. The growth rates are as varied as the products they sell. The primary sectors of retail trade can be categorized into eight primary components (SIC codes 52 through 59). Three of these are published in *Alaska Economic Trends*: general merchandise, food stores and eating and drinking establishments. The remaining five SIC codes are combined in the other retail trade component. The following discussion will examine these main categories.

1983	1984	1985	Change 1980-1985	Compounded Annual Growth
1716	1641	1871	8.3%	1.61%
2484	2877	2960	80.6%	12.55%
7551	7968	8066	81.0%	12.59%
952	934	951	33.9%	6.01%
1157	1040	901	68.4%	10.98%
1917	2110	2181	54.5%	9.09%
905	1028	924	198.4%	24.44%
2722	2828	2817	43.1%	7.43%
19405	20427	20659	61.9%	10.11%

General Merchandise Stores

This retail trade sector includes department stores and variety stores. They sell a number of lines of merchandise, such as apparel, home furnishings, housewares, hardware and food with merchandise physically arranged in separate departments. Large national and regional chains dominate this group of 13 firms. The average number of employees was 206 in 1985, with some as large as 400 employees. In general, this sector has been growing more slowly than other retail sectors. Merchandise stores dropped from representing 13.5% of retail employment in 1980 to 9% by 1985. The average annual growth rate of 1.6% was one fifth the industry average. In fact, this sector experienced declines in 1982 and 1984 when most retail sectors were growing.

In 1985, however, employment levels increased rapidly in the general merchandising sector due to the opening of the warehouse club stores of Costco and Price Savers in 1985. A warehouse club is part of a new national selling method. It is one of several names applied to retailers who sell merchandise at a markup far below the margin sought by discount or traditional retailers. Characteristics of the group include little or no advertising, closed door membership selected to assure good credit risk, and a two tier pricing policy—one markup for the household consumer and a lower one for small business.

Food Stores

This group includes full line and convenience type grocery stores, meat and fish markets, fruit and vegetable markets, candy and nut shops, over-the-counter bakeries and miscellaneous outlets such as health food stores. These retailers represent 14% of total retail employment, concentrated in two large supermarket chains.

Employment in food stores grew an average of 13.3% annually from 1980 to 1985, nearly two percentage points above the average growth rate for total retail trade. Large stores gained market share from many smaller independent grocery stores. This is not surprising since larger firms can offer a wider range of goods and services and cover renovation and expansion costs made necessary by population growth and changes in consumer taste. Attempting to appeal to changing consumer tastes and demographic groups, supermarkets enlarged some product departments and expanded their imported and gourmet foods offerings. Growing consumer demand also prompted the expansion of delicatessen and bakery departments, as well as fresh seafood, bulk products, and 24 hour convenience.

Convenience food stores are an important factor in food retailing and between 1980 and 1985 expanded rapidly. The number of convenience stores has doubled since 1980. The same pattern of large regional or national chains replacing the independents is evident here as well. Although each convenience store has relatively few employees compared to the supermarkets (9 versus 92) the absolute number of these stores make them a sizable employer. In 1985 they represented over 10% of total grocery store employment. Because of changing demographics and lifestyles many offer on premise food service facilities and self-service gasoline. Gasoline retailing is an important part of the product mix. (Nationally gasoline generates almost 42% of total convenience store sales.)

Not only did traditional food retailers grow rapidly, specialty bakeries also grew substantially, responding to changing buying patterns and demographics. They remain a small portion of the food retailing business with less than 120 employees in total.

Eating And Drinking Establishments

This group includes establishments selling prepared food and drinks for consumption on or off the premises. (Restaurants, lunch counters, and drinking places operated as a subordinate service facility by other establishments are not included in this industry). These retailers represented 39% of total retail trade employment in 1985. This group is characterized by a wide variety of fast food and sit-down restaurants, with national and regional franchises continuing to gain market share.

The growth in eating and drinking employment averaged 12.6% annually over the period. The years of fastest expansion were from 1980 to 1982 with a growth rate averaging 22% per year. The expansion hit a low in 1985 with only a 1.2% growth.

The drinking establishment segment had the opposite trend to that of the restaurant segment. Employment in drinking establishments decreased three out of five years, netting a loss of 3.2% jobs annually. Many restaurants with a cocktail lounge or bar replaced some stand alone bars. Another trend in the restaurant business is that of diversified menus including salad bars, fish, and chicken.

The total payroll increased from $44 million to over $100 million. Because of the number of part-time employees and low hourly pay, the monthly wage is among the lowest in the retail industry. In 1985 the average monthly wage was $1,046, $374 less than for the retail industry as a whole.

Other Retail Trade

This group of retailers includes apparel and accessory stores, building material and hardware stores, automotive sales and supply, furniture, home furnishings and equipment stores, and miscellaneous retail which includes a wide variety of shops ranging from florists to newsstands, art supply stores to pet stores.

New clothing, shoes, hats, and related articles for personal wear make up the primary business of apparel and accessory stores. This sector is a small segment of total trade, representing less than 5% of total retail trade employment. It is characterized by small shops averaging 8 employees per firm less than the average for retail trade. The apparel and accessory sector grew 34%, well below the retail industry average of 62% from 1980 to 1985.

The building material and hardware group includes retail establishments primarily engaged in selling lumber and other building materials, paint, glass and hardware, and garden and lawn supplies. They represent 4.4% of total retail trade employment with the building supplies segment accounting for over 75% of the 901 jobs in 1985. Because of the building boom the businesses within this sector grew very fast. Employment increased 89% from 1980 to 1983. When construction activity began to decline in 1983/84 so did employment levels in firms providing building material supplies. For the next two years employment levels fell 23%.

Furniture and home furnishing stores sell goods used for furnishing the home, such as furniture, floor coverings, draperies, domestic stoves and refrigerators. They represented 4.4% of total retail employment. With increased disposable income, a high level of new home construction and home sales, the furniture industry grew vigorously until 1984. A downturn began in 1985. By the end of 1985, employment had dropped 10%. Even with the decline in 1985, the average annual growth rate was 24% for the five years since 1980. This was the fastest growth among the major retail categories.

The motor vehicle dealers and gasoline station group includes retail dealers selling new and used automobiles, boats, trailers and motorcycles; new automobile parts and accessories, and gasoline service stations. These retailers represented 11% of total retail trade employment and averaged 17 employees per firm. However, the large car dealers have from 100 to 300 employees.

The vehicle dealers and gasoline stations in Anchorage experienced growth when most dealers in the lower 48 were going through the worst recession since World War II. From 1980 to 1985 the group as

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 6/86	R/ 5/86	6/85	P/ 6/86	R/ 5/86	6/85	P/ 6/86	R/ 5/86	6/85	P/ 6/86	R/ 5/86	6/85
Alaska Statewide	269278	264949	258482	29193	28307	23478	10.8	10.7	9.1	240085	236642	235004
Anch-MatSu Region	141692	140426	137211	13761	13636	11012	9.7	9.7	8.0	127931	126790	126199
Anchorage Borough	124226	122987	120511	11077	10847	8894	8.9	8.8	7.4	113149	112140	111617
MatSu Borough	17466	17439	16700	2684	2789	2118	15.4	16.0	12.7	14782	14650	14582
Gulf Coast Region	30505	29231	28326	4022	3993	2695	13.2	13.7	9.5	26483	25238	25631
Kenai Peninsula Bor	19567	18725	17851	3186	3115	1997	16.3	16.6	11.2	16381	15610	15854
Kodiak Island Bor	6918	6629	6629	531	542	447	7.7	8.2	6.7	6387	6087	6182
Valdez-Cordova	4020	3877	3846	305	336	251	7.6	8.7	6.5	3715	3541	3595
Interior Region	42378	41531	39898	5766	5690	4566	13.6	13.7	11.4	36612	35841	35332
Fairbanks North Star Br	34518	33845	32375	4932	4882	3823	14.3	14.4	11.8	29586	28963	28552
Southeast Fairbanks	3277	3266	3113	288	340	229	8.8	10.4	7.4	2989	2926	2884
Yukon-Koyukuk	4583	4420	4410	546	468	514	11.9	10.6	11.7	4037	3952	3896
Northern Region	8303	8221	8487	1152	927	1265	13.9	11.3	14.9	7151	7294	7222
Kobuk	2649	2588	2667	411	306	407	15.5	11.8	15.3	2238	2282	2260
Nome	3526	3510	3544	541	465	530	15.3	13.2	15.0	2985	3045	3014
North Slope Borough	2128	2123	2276	200	156	328	9.4	7.3	14.4	1928	1967	1948
Southeast Region	34662	34220	33161	3272	3107	2987	9.4	9.1	9.0	31390	31113	30174
Haines Borough	1058	1063	1021	79	93	80	7.5	8.7	7.8	979	970	941
Juneau Borough	13715	13512	13109	1299	1205	1175	9.5	8.9	9.0	12416	12307	11934
Ketchikan Gateway Bor	7369	7311	7034	686	687	609	9.3	9.4	8.7	6683	6624	6425
Pr. of Wales-Outer Ketch	2628	2571	2426	348	311	234	13.2	12.1	9.6	2280	2260	2192
Sitka Borough	4211	4170	4034	325	318	298	7.7	7.6	7.4	3886	3852	3736
Skagway-Yakutat-Angoon	2018	2034	1979	192	224	224	9.5	11.0	11.3	1826	1810	1755
Wrangell-Petersburg	3663	3559	3558	343	269	367	9.4	7.6	10.3	3320	3290	3191
Southwest Region	11738	11320	11399	1220	954	953	10.4	8.4	8.4	10518	10366	10446
Aleutian Islands	2690	2629	2641	119	96	88	4.4	3.7	3.3	2571	2533	2553
Bethel	4751	4475	4538	671	454	486	14.1	10.1	10.7	4080	4021	4052
Bristol Bay Borough	430	432	430	21	29	24	4.9	6.7	5.6	409	403	406
Dillingham	1984	1936	1921	171	149	120	8.6	7.7	6.2	1813	1787	1801
Wade Hampton	1883	1848	1869	238	226	235	12.6	12.2	12.6	1645	1622	1634

P/ Preliminary R/ Revised 1985 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Curren Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

a whole averaged 9% growth per year. Nearly three-quarters of the jobs created during that time were in the motor vehicle dealership category. This growth was shared by the established dealers who had been in the Anchorage market for years. Gasoline station employment increased nearly 3% per year from 1980 to 1984 and then declined 8% in 1985. The decline was more a "paper" decline than an actual decline in gas station employment. Many convenience stores took over the functions of the stations, hence, some gas station employment is counted in the convenience store category.

The miscellaneous retail group is diverse. They fall into a number of categories, such as drug stores, liquor stores, used merchandise stores, book stores and sporting goods stores. These retailers represent 14% of total retail trade employment. Between 1980 and 1983 employment in this sector grew an average 11% per year. The following year the growth rate was less than 4% with a decline in employment in 1985. Bucking the overall trend, liquor stores, camera stores, jewelry stores, and book stores continued to grow into 1985.

Summary and Outlook for 1986

Construction supported retail trade employment began to decline in 1984 while most other retail sectors continued to register employment increases through 1985. But clearly a new trend has been established and with the likelihood of the economy slowing more, the climate for retail trade employment will not be favorable.

Fairbanks/Interior

By Neal Fried

Fairbanks' Industries - A Mid-Year View

Fairbanks' unemployment rate for June was 14.3%, the highest unemployment rate for June since 1978. June's unemployment rate in 1985 was 11.8%, more than two points below the June 1986 rate. During most years the unemployment rate falls in June due to seasonal factors, but June's figure registers only one-tenth of a percent below May's unemployment rate of 14.4%. The number of unemployed also provides a revealing picture. In June 4,932 people in Fairbanks were unemployed, an increase of 1,109 above the year-ago level.

Preliminary employment estimates for June indicated a 0.4% growth over year-ago levels. This is far lower than the annual growth rate of 6.8% Fairbanks' experienced the past five years. During that period growth was broad based. Presently the picture is far more mixed. Certain industries show employment gains while others have stopped gaining employment.

Construction was among the growth leaders, but recently construction has reversed its trend and is now contributing to the slowdown. Year to year declines in construction employment began in May. This is the first time employment in the construction industry has experienced a year to year decline in seven years. The decline in construction thus far has been relatively small because of the strong public sector. Employment losses in this industry will grow as the year continues, particularly in light of recent announcements to freeze portions of the FY87 capital budget. This will have an immediate effect because some projects planned for this construction season will not receive the necessary funds. The impact will also be felt in future years.

Another major contributor to employment growth in Fairbanks was state government. Employment in this sector slipped below year-ago levels in both May and June (100 and 50). Year-to-year declines in state employment will become greater given the initial FY87 operating budget which caused some layoffs and the revised FY87 budgets that will produce further layoffs.

Currently, federal and local government have employment increases over last year. Federal employment will probably remain above year-ago levels but local government employment could easily slip below last year's levels during the next six months because of cuts in state support to local communities.

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

				Changes From:	
	p/	r/			
	6/86	5/86	6/85	5/86	6/85
Nonag. Wage & Salary	30750	29750	30550	1000	200
Mining	200	150	250	50	-50
Construction	3550	3050	3700	500	-150
Manufacturing	600	600	600	0	0
Trans. Comm. & Utilities	3000	2850	3000	150	0
Trucking & Whseing.	500	450	550	50	-50
Air Transportation	950	900	900	50	50
Other Trans. Comm. & Utilities	1550	1500	1550	50	0
Trade	6700	6350	6650	350	50
Wholesale	1000	1000	1050	0	-50
Retail	5700	5350	5600	350	100
Gen. Mer. & Apparel	600	550	550	50	50
Food Stores	850	850	850	0	0
Other Retail Trade	4250	3950	4200	300	50
Finance-Ins. & R.E.	1100	1100	1050	0	50
Services & Misc.	6200	5950	6000	250	200
Government	9400	9700	9300	-300	100
Federal	3000	2950	2950	50	50
State	3700	3750	3750	-50	-50
Local	2700	3000	2600	-300	100

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

				Changes From:	
	p/	r/			
	6/86	5/86	6/85	5/86	6/85
Nonag. Wage & Salary	34700	33650	34700	1050	0
Mining	350	300	400	50	-50
Construction	3750	3150	3900	600	-150
Manufacturing	650	600	650	50	0
Trans. Comm. & Utilities	3300	3200	3350	100	-50
Trade	7150	6750	7100	400	50
Finance-Ins. & R.E.	1150	1150	1150	0	0
Services & Misc.	6700	6350	6500	350	200
Government	11650	12150	11650	-500	0

Trade, which registered the largest employment increases in the private sector over the past five years, is currently experiencing marginal increases in employment. Trade is losing employment at the wholesale level, particularly in businesses which cater to construction. Retail trade has lost its past vigor because of a sluggish economy and because the retail market has caught up with demand.

Services, and the finance, insurance and real estate industries all continue to post over-the-year gains. Services is a particularly resilient industry during economic slowdowns. One reason is because it is such a diversified industry, covering everything from professional business services, social services, lodging, personal services and entertainment. The other reason is the dramatic national shift toward a service based economy which provides a tremendous momentum for growth.

Conclusion

There will continue to be industries posting gains in Fairbanks' in the future but an increasing number of industries will experience losses. There is a good chance that by year-end Fairbanks' total employment will be on the decline.

Gulf Coast

By Neal Fried

The Unemployment Picture

The region's June unemployment rate of 13.2% indicates a sluggish seasonal rebound and a weakening economy. The Kenai Peninsula Borough's unemployment rate of 16.3% topped not only the region but also was the highest rate in the state. It was the highest unemployment rate recorded for the month of June over the past six years and was more than 5% above last June's rate of 11.2% and this year's statewide unemployment rate of 10.8%. The unemployment rates for Kodiak and Valdez-Cordova remained above year-ago levels, but they measured significantly below the Kenai Peninsula's and demonstrated some downward seasonal movement.

Gulf Coast
Unemployment Rate for June
1980-1986

	Kenai Peninsula Borough	Kodiak Island Borough	Valdez-Cordova
1986	16.3%	7.7%	7.6%
1985	11.2%	6.7%	6.5%
1984	13.6%	6.8%	11.0%
1983	13.4%	9.6%	10.1%
1982	14.4%	12.0%	10.9%
1981	11.3%	9.8%	9.1%
1980	15.8%	14.4%	12.0%

A strong seasonal rebound has been lacking because of a weak showing in the salmon fishery in June and an anemic seasonal upswing in construction. The local salmon fishery on the Kenai Peninsula in June was reaching record levels and biologists were predicting an all-time record for the Cook Inlet fishery this season. The salmon harvests through June in Kodiak and Cordova were down slightly, but more importantly, the Alaska Peninsula and Bristol Bay harvests fell far below year-ago levels. Through June the statewide catch was down

40%. Though the weaker fisheries are outside the Gulf Coast region, fish processors in the region handle fish from around the state. June's smaller fish processing numbers reflect this with a decline of 350 jobs compared to year-ago levels.

A comparison to year-ago fish processing employment may not be altogether fair because last year was such an exceptional one in Bristol Bay. This year's June fish processing employment of 3,300 is an average level over the past five years. The salmon fishery should pick up in July when the area's fishery harvests get into full swing. Income to the fishermen in the region will be up as prices have increased significantly this year. Because fish processors are freezing more fish instead of canning (Kenai Peninsula fish processors have only one canning line operating this year and at least 3 have been left idle), and freezing requires fewer workers, fish processing employment may simply not grow as fast as it did in the past.

Construction

Construction's seasonal upswing was listless, and over-the-year comparisons show declines. Building permits are down and commercial construction is almost nonexistent. Public construction is the only sector which has partially helped offset these declines, but the most recent freeze of the FY87 capital budget will mean public construction will eventually share residential and commercial construction's fate.

Before the freeze, the Gulf Coast's share of the FY87 capital budget, including the reappropriation bill, was $100 million. Although it was smaller than most previous capital budgets in the 1980s and would not sustain growth in public construction, it remained a healthy level. It is still too early to estimate how the revised capital budget will affect the region because few details are available. The Bradley Lake Hydroelectric project in Homer was not included in the freeze.

It appears that approximately 70% of the statewide capital budget has been frozen. If one were to make a crude estimate of the impact of the freeze on the region, the revised budget (including Bradley Lake) may be $65 million. This represents little more than half of last year's levels and is smaller than all years in the 1980s. If there is a bright side, the region or, more specifically Homer, will receive proportionately a larger share of the FY87 capital budget than possibly any other area in the state. On the downside, public construction, the last healthy sector of this industry, will fall upon difficult times in the near future.

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

				Changes From:	
	p/ 6/86	r/ 5/86	6/85	5/86	6/85
Nonag. Wage & Salary	22700	21350	22850	1350	-150
Mining	800	800	850	0	-50
Construction	2150	1900	2250	250	-100
Manufacturing	3950	3100	4350	850	-400
Food & Kindred Prod.	3300	2450	3650	850	-350
All Other Mfg.	650	650	700	0	-50
Trans. Comm. & Utilities	1850	1750	1850	100	0
Trade	4350	4100	4150	250	200
Wholesale	600	500	600	100	0
Retail	3750	3600	3550	150	200
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3650	3400	3450	250	200
Government	5300	5650	5300	-350	0
Federal	550	600	550	-50	0
State	1550	1500	1600	50	-50
Local	3200	3550	3150	-350	50

Other Industries

Trade and services enjoyed seasonal and over-the-year increases. These two industries do not react to downturns as quickly as construction, and they have been buoyed this year by a brisk tourist season. However, when the tourist season comes to an end in September, and as the downturn in the economy continues, services and trade are also likely to experience declines.

Government employment losses in June were seasonal because of the end of the school year, but compared to year-ago levels it remained flat. During past years this was one of the strong growth sectors, but no longer. In the near future, the budget shortfalls will create losses in this sector as well.

Southeast Alaska

By John Boucher

State Employment & Southeast Alaska

The recent oil revenue forecast for the state of Alaska has prompted some grave concern about the future of Southeast Alaska's economy. While some impact of falling state revenue is bound to be felt in every area of the state; Southeast Alaska, particularly Juneau, stands to be hit the hardest by the falloff in state revenues.

In 1985, state government employment was 9.1% of all wage and salary employment in Alaska. In Southeast Alaska, state employment directly accounted for 19.0% of all wage and salary employment. The Interior is the next most dependant region upon state government. Largely because of the University of Alaska, 13.1% of wage and salary employment in that region is directly attributable to state government. No other region has more than 7.0% of its wage and salary work force employed by the state.

Table 1
Southeast Alaska Wage & Salary Payrolls by Census Area for 1985

Census Area	1985 Total Payroll	1985 State Payroll	State % of Total Payroll
Haines Borough	18,710,102	1,345,110	7.2%
Juneau Borough	374,719,692	158,568,633	42.3%
Ketchikan Gateway Borough	150,380,818	18,898,570	12.6%
Prince of Wales-Outer Ketchikan	42,254,561	1,050,059	2.5%
Sitka Borough	79,621,898	7,518,895	9.4%
Skagway-Yakutat-Angoon	30,582,363	1,046,826	3.4%
Wrangell-Petersburg	61,727,842	3,683,435	6.0%
SOUTHEAST ALASKA	757,997,276	192,111,528	25.3%

In terms of total payroll, in 1985 10.7% of the entire state's wage and salary payrolls were paid to state employees. In Southeast Alaska 25.3% of the region's payrolls were paid to state employees, a greater percentage than the percentage of the work force employed in the region by state government. While Southeast Alaska clearly stands to lose more than any other region, Juneau would be the biggest loser if state payrolls were cut. The following table illustrates the dependance of Juneau's economy on state government in comparison to the other census divisions in the region.

In addition to these figures, pass-through grants to help fund local government and the school funding formula add to the total percentage of payroll in the census areas that can be accounted for by state spending. Other indirect effects, such as the portion of construction work which can be attributed to state spending, and the jobs created by state employees spending their payroll dollars would also figure in the total impact that the drop in oil revenues is going to have on the Southeast economy.

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

				Changes From:	
	p/ 6/86	**r/ 5/86**	**6/85**	**5/86**	**6/85**
Nonag. Wage & Salary	30700	30000	30500	700	200
Construction	1700	1500	1950	200	-250
Manufacturing	3900	3500	3600	400	300
Food & Kindred Prod.	1050	900	1000	150	50
Lumber & Paper Prod.	2600	2400	2350	200	250
All Other Mfg.	250	200	250	50	0
Trans. Comm. & Utilities	2300	2050	2250	250	50
Trade	4800	4650	4850	150	-50
Wholesale	400	400	400	0	0
Retail	4400	4250	4450	150	-50
Finance-Ins. & R.E.	1150	1150	1200	0	-50
Mining, Services & Misc	4800	4650	4750	150	50
Government	12050	12500	11900	-450	150
Federal	2200	2200	2100	0	100
State	5450	5550	5450	-100	0
Local	4400	4750	4350	-350	50

Current Trends

Through June state employment in the region was down 100 over the month of May and even with last year at this time. There are two major components of state government, education related employment that is predominantly employment associated with the University of Alaska and the community college system, and the other category is all other state employment except education. Both the education and noneducation portion of state employment declined slightly over the month, but the over-the-year declines are in the noneducation portion of state employment while the education portion shows a slight increase over last year.

Unemployment in Southeast increased to 9.4% in June with a mix of gainers and losers over the month. The Haines Borough had the regions lowest unemployment rate at 7.5% while Prince of Wales-Outer Ketchikan had the highest unemployment rate in Southeast Alaska at 13.2%. Last year unemployment in the region was at 9.0%. Three census areas: Haines, Skagway-Yakutat-Angoon and Wrangell-Petersburg had lower unemployment rates this June than in June of 1985, while all of the other census areas had higher unemployment this June.

Hours and Earnings

By John Boucher

Current Trends

June's hours and earnings data reflects the softness in Alaska's economy, particularly in comparison to year-ago data. June average hourly earnings were down in comparison to May in six of the ten industries tracked and when compared to last year all industries except food and kindred products had a lower average hourly wage. Wholesale and retail trade and construction are showing the largest declines when compared to last year. This no doubt is a reflection of the decreased construction activity statewide since last year.

The manufacturing industry is one of the bright spots in the economy in terms of hours and earnings. Average weekly earnings in both the food and kindred products and the lumber and paper products sectors of this industry have increased since last June. Hourly earnings in both of these sectors were fairly comparable to last year but an increase in the average weekly hours pushed the average weekly earnings figures above last year.

Addendum

Alaska Economic Trends - June Issue

The following are corrected tables for the June issue of *Alaska Economic Trends* lead article on U.S. Employment Growth Rates.

Table 1
Percent Change in Employment by Industry
U.S. and Alaska
1980-1985

	U.S.		Alaska	
	Total Percent Change	**Annual Growth Rate**	**Total Percent Change**	**Annual Growth Rate**
Total	8.1%	1.6%	35.2%	6.2%
Mining	-5.6%	-1.2%	40.3%	7.0%
Construction	7.2%	1.4%	75.5%	11.9%
Manufacturing	-4.2%	-0.9%	-15.7%	-3.4%
Trans/Comm/Util	3.0%	0.6%	11.0%	2.1%
Wholesale Trade	9.4%	1.8%	58.2%	9.6%
Retail Trade	15.9%	3.0%	58.0%	9.6%
Finance/Ins/Real Est.	14.8%	2.8%	58.0%	9.6%
Services	22.6%	4.2%	50.3%	8.5%
Government	0.3%	0.1%	24.0%	4.4%
Federal	0.3%	0.1%	-0.6%	-0.1%
State	4.7%	0.9%	31.8%	5.7%
Local	-1.3%	-0.3%	38.5%	6.7%

Table 2
Percent Change in Employment by Industry
U.S. and Alaska
1970-1985

	U.S.		Alaska	
	Total Percent Change	Annual Growth Rate	Total Percent Change	Annual Growth Rate
Total	37.8%	2.2%	150.3%	6.3%
Mining	55.5%	3.0%	214.0%	7.9%
Construction	29.9%	1.8%	169.8%	6.8%
Manufacturing	0.3%	0.0%	50.5%	2.8%
Trans/Comm/Util	17.4%	1.1%	109.7%	5.1%
Wholesale Trade	44.5%	2.5%	168.2%	6.8%
Retail Trade	57.7%	3.1%	210.4%	7.8%
Finance/Ins/Real Est.	62.5%	3.3%	313.2%	9.9%
Services	89.9%	4.4%	290.4%	9.5%
Government	20.2%	1.2%	91.6%	4.4%
Federal	5.3%	0.3%	2.9%	0.2%
State	41.9%	2.4%	95.9%	4.6%
Local	34.7%	2.0%	273.9%	9.2%

Table 3
Employment Growth by State and U.S. Average
1970-1985 and 1980-1985

	1970-1985			1980-1985		
	Total Percent Change	Annual Growth Rate	Rank	Total Percent Change	Annual Growth Rate	Rank
U.S. Average	37.8%	2.2		8.1%	1.6%	
West	65.1%	3.4%		10.7%	2.1%	
ALASKA	150.3%	6.3%	1	35.2%	6.2%	1
Arizona	133.6%	5.8%	2	26.0%	4.7%	2
California	57.9%	3.1%	15	11.3%	2.2%	15
Colorado	89.6%	4.4%	6	13.7%	2.6%	7
Hawaii	43.9%	2.5%	24	4.4%	0.9%	30
Idaho	62.5%	3.3%	12	2.4%	0.5%	37
Montana	39.7%	2.2%	32	-0.7%	-0.1%	46
Nevada	119.7%	5.4%	3	11.5%	2.2%	13
New Mexico	76.8%	3.9%	9	11.4%	2.2%	14
Oregon	44.7%	2.5%	23	-1.5%	-0.3%	47
Utah	74.1%	3.8%	10	13.4%	2.6%	9
Washington	58.3%	3.1%	14	6.2%	1.2%	27
Wyoming	89.8%	4.4%	5	-2.4%	-0.5%	49
South	59.7%	3.2%		11.2%	2.2%	
Alabama	40.7%	2.3%	29	4.9%	1.0%	29
Arkansas	49.3%	2.7%	21	7.8%	1.5%	22
Delaware	35.0%	2.0%	35	13.1%	2.5%	10
Dist. of Columbia	10.9%	0.7%	48	2.1%	0.4%	39
Florida	105.5%	4.9%	4	23.7%	4.3%	3
Georgia	64.7%	3.4%	11	18.9%	3.5%	5
Kentucky	37.1%	2.1%	34	3.1%	0.6%	35
Louisiana	54.5%	2.9%	17	1.2%	0.2%	43
Maryland	39.7%	2.3%	31	10.1%	1.9%	18
Mississippi	43.7%	2.4%	25	1.2%	0.2%	42
North Carolina	48.4%	2.7%	22	11.2%	2.1%	16
Oklahoma	54.7%	3.0%	16	3.7%	0.7%	32
South Carolina	54.3%	2.9%	18	9.3%	1.8%	21
Tennessee	40.1%	2.3%	30	6.5%	1.3%	25
Texas	84.3%	4.2%	7	14.2%	2.7%	6
Virginia	61.1%	3.2%	13	13.4%	2.6%	8
West Virginia	15.3%	1.0%	46	-7.7%	-1.6%	51
North Central	20.0%	1.2%		1.4%	0.3%	
Illinois	9.7%	0.6%	49	-1.7%	-0.3%	48
Indiana	17.7%	1.1%	44	2.2%	0.4%	38
Iowa	21.7%	1.3%	43	-3.2%	-0.6%	50
Kansas	43.6%	2.4%	26	3.2%	0.6%	34
Michigan	16.6%	1.0%	45	1.8%	0.4%	41
Minnesota	41.9%	2.4%	27	5.4%	1.1%	28
Missouri	25.7%	1.5%	41	6.4%	1.3%	26
Nebraska	34.3%	2.0%	36	3.5%	0.7%	33
North Dakota	53.0%	2.9%	19	2.4%	0.5%	36
Ohio	12.8%	0.8%	47	0.3%	0.1%	44
South Dakota	41.7%	2.4%	28	4.2%	0.8%	31
Wisconsin	29.2%	1.7%	40	2.0%	0.4%	40
Northeast	17.8%	1.1%		7.2%	1.4%	
Connecticut	30.9%	1.8%	38	9.9%	1.9%	19
Maine	38.3%	2.2%	33	9.8%	1.9%	20
Massachusetts	29.4%	1.7%	39	10.3%	2.0%	17
New Hampshire	79.2%	4.0%	8	21.0%	3.9%	4
New Jersey	31.2%	1.8%	37	11.7%	2.2%	12
New York	8.4%	0.5%	51	7.6%	1.5%	23
Pennsylvania	8.8%	0.6%	50	-0.4%	-0.1%	45
Rhode Island	23.8%	1.4%	42	7.0%	1.4%	24
Vermont	51.4%	2.8%	20	12.0%	2.3%	11

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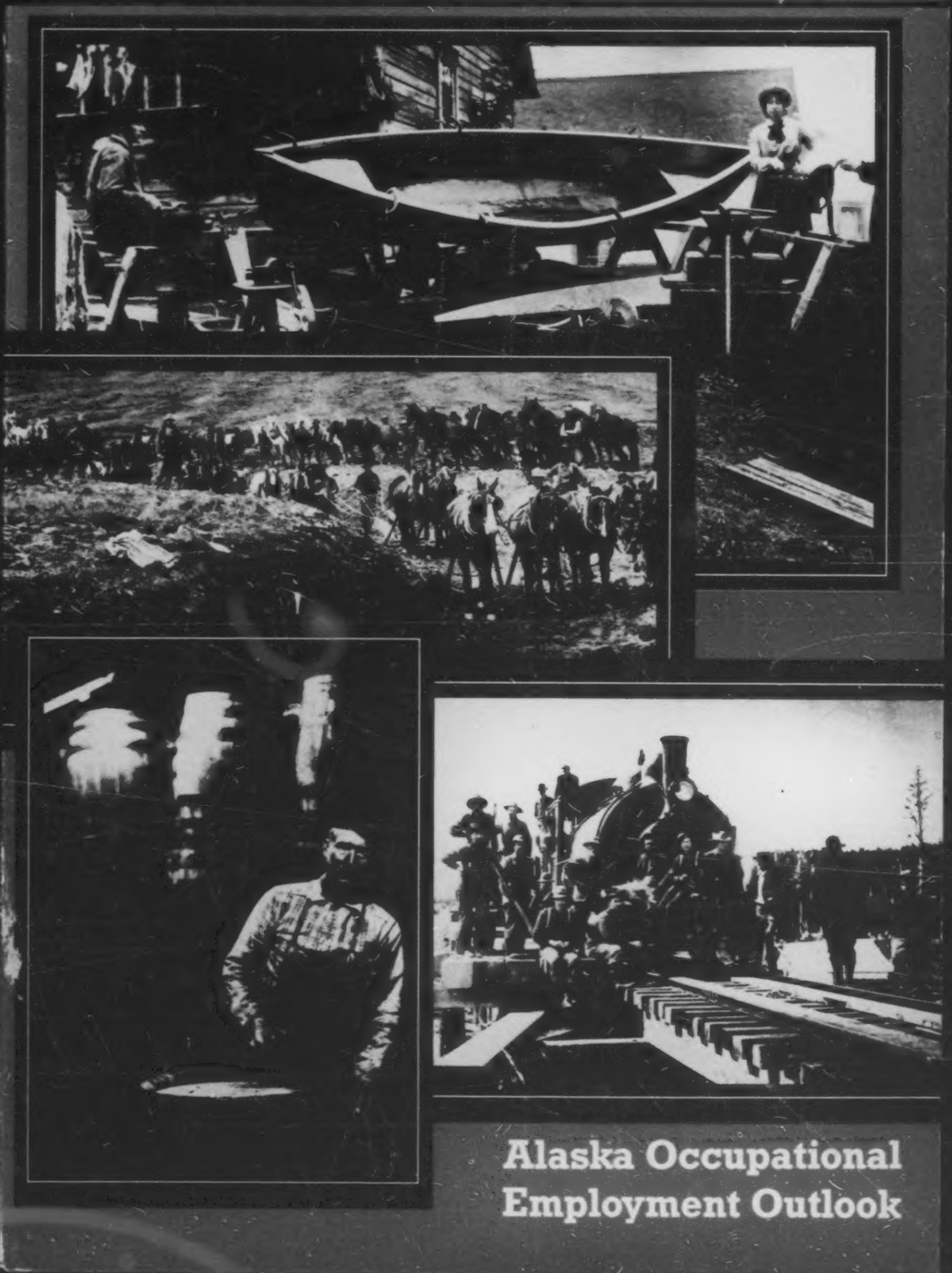
ALASKA ECONOMIC TRENDS

Alaska Department of Labor Bill Sheffield, Governor, State of Alaska



Alaska Occupational Employment Outlook

Alaska Economic Trends

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

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Labor Force by Region and Census Area . . . . . Center Insert

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Alaska Occupational Employment Outlook

By John Van Houten and Kelly Wheeler

The latest set of occupational projections by Research and Analysis indicate some growth for nearly all occupations in Alaska between 1985 and 1990 except those heavily associated with the construction industry. Employment in white collar occupations (a broad group of professional and technical, clerical, sales, and managerial and administrative workers) is projected to provide 58 percent of the job openings that will result from growth and replacement needs.[1] Craft, operative, and laborer jobs are projected to provide 22 percent of the job openings. This group will continue a decline in its share of total employment as its growth is influenced by technological change and the relatively faster growth of the other groups. The service group of occupations (cleaning, food, health, and protective services) accounts for 19 percent of the projected openings. Although the smallest of the three major groups, service occupations is increasing at the fastest rate.

The employment projections were produced from an Industry-Occupation (I-O) Matrix based on Occupational Employment Statistics (OES) industry surveys that cover Alaska's nonagricultural and nonmilitary wage and salary employment. The projections were made on the assumption that oil prices will rebound and stabilize at $18-20 per barrel for most of the projection period. While the probability of oil returning to such a level now seems unlikely, and the projections may be somewhat high, the relative values of the projected occupational employments remain much the same. Moreover, there are some employment trends not apparent from the projection data. For example, it's likely there will be an increase in part-time and temporary employment, shorter work weeks, and job sharing. These trends are likely to become more pronounced as a consequence of the current Alaskan economic slowdown and the fact that many of the jobs resulting from industry growth are among the lowest paying. Total wages earned by an employee from a single job under these circumstances may not provide sufficient income or continue to keep pace with living costs and thus necessitate multiple job holding.[2]

Table 1 shows the top 32 specific occupations ranked by the number of job openings that will result from industry growth and replacement needs (retirement and death). One-half of these occupations, which account for 29 percent of the total openings for all occupations, are low-skill jobs that require training of three months or less. One in five of the top 32 requires a minimum of a baccalaureate or equivalent.

The projections show that tomorrow's job opportunities in Alaska will be much the same as today. Despite considerable attention focused on new and emerging occupations associated with high technology, the employment opportunities they will provide are expected to be small in Alaska. The significance of new technologies is usually that they change existing jobs, changes that often require retraining, while the general occupational characteristics remain. These projections clearly indicate that most employment opportunities will continue to be concentrated in service and trade industries. Table 2 lists occupations with the highest projected growth rates. None are classified as high-tech occupations and the top 20 listed account for only 4.3 percent of total projected job growth of the 500 occupations in Alaska.

Table 3 lists 44 high employment occupations that account for 48 percent of the total projected job openings. Each occupation includes estimated 1985 employment, the percent change in employment projected between 1985 and 1990, the numerical change, and a brief employment prospects statement taken from the Alaska Career Information System (AKCIS). More detailed information for the occupations listed in this table plus more than 200 others can be obtained from the AKCIS occupational information file.

Complete results of the estimates and projections for Alaska statewide, Anchorage-MatSu, and Fairbanks North Star Borough are available in the publication *Alaska Occupational Information*. This publication is available upon request.

Footnotes

[1]/ The number of job openings considered here does not include turnover openings that result when employees change jobs or occupations, or temporarily quit working. Turnover openings for some occupations may exceed growth and replacement openings, however, there is no good measurement available for turnover. Growth and replacement openings are more indicative of net needs and provide good comparative values for planners of employment, training and education programs.

[2]/The estimates and projections data are counts of jobs, not people. Occupational employment estimates of nonagricultural wage and salary employment do not distinguish between part-time and full-time jobs. Wage and salary employment also excludes self-employed which accounts for approximately 10 percent of all employment in Alaska.

Table 1
Thirty-Two Occupations with Largest Annual Average Job Openings*
1985-1990
Alaska Statewide

Occupation	Openings
Helpers/Laborers Material Movers	363
Salespersons: Retail	312
Cannery Workers	295
General Managers & Top Executives	262
Janitors & Cleaners	229
Cashiers	226
Bookkeeping/Accounting/Auditing Clerks	209
Secretaries	198
General Office Clerks	172
Waiters & Waitresses	171
Food Preparation & Service Workers: Fast Food	170
Maintenance Repairers: General Utility	147
Teachers: Secondary School	131
Teachers: Elementary School	127
Supervisors/Managers: Clerical	109
Food Preparation Workers	96
Financial Managers	91
Managers/Supervisors: Sales	86
Registered Nurses	85
Accountants & Auditors	81
Cooks, Restaurant	80
Stock Clerks: Sales Floor	70
Typists	67
Bartenders	67
Teacher Aides: Paraprofessional	59
Maids & Housekeeping Cleaners	58
Aircraft Pilots/Flight Engineers	58
Guards & Watch Guards	56
Receptionists & Information Clerks	56
Ticket Agents	50
Cooks: Specialty Fast Food	50
Cooks: Institution or Cafeteria	50

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* Job openings that result from industry growth, and replacement needs due to retirement and death. These job openings account for 50 percent of the total number of job openings.

Table 2
Twenty Fastest Growing Occupations
1985-1990
Alaska Statewide

Occupation	**Percent Growth in Employment**	**Numbers of Openings 1985-1990**
Parking Enforcement Officer	27.3	*
Sales Agents: Real Est.	20.6	*
Loan Interviewers	20.0	17
Brokers: Real Estate	20.0	14
Metallurgical Engineers	20.0	*
Credit Authorizers	20.0	*
Property & Real Estate Managers	19.8	21
Tellers	19.4	211
Assessors	19.4	14
Transit Clerks	19.4	*
Loan & Credit Clerks	19.3	151
Sales Agents/Placers: Insurance	19.3	72
New Accounts Clerks	19.2	82
Insurance Policy Processing Clerks	19.2	40
Underwriters	19.2	38
Loan Officers & Counselors	19.1	55
Sales Agents: Securities	19.1	30
Municipal Clerks	19.1	25
Credit Analysts	18.9	17
Ticket Agents	18.8	178

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*The projected number of openings is less than 10.

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 6/86	R/ 5/86	6/85	P/ 6/86	R/ 5/86	6/85	P/ 6/86	R/ 5/86	6/85
Mining	1089.54	1132.33	1159.50	51.2	50.8	50.9	21.28	22.29	22.78
Construction	943.24	930.60	1019.24	39.4	39.6	42.1	23.94	23.50	24.21
Manufacturing	470.81	496.84	448.85	39.3	41.3	38.2	11.98	12.03	11.75
Food & Kindred Prod	278.17	302.98	261.74	34.3	38.4	33.3	8.11	7.89	7.86
Lumber & Paper Prod	794.81	764.00	783.38	50.4	49.1	49.3	15.77	15.56	15.89
Trans., Comm. & Utilities	555.31	550.25	589.35	36.8	35.8	37.9	15.09	15.37	15.55
Trade	376.96	372.76	408.91	34.3	32.9	35.1	10.99	11.33	11.65
Wholesale	502.36	485.54	561.68	37.8	36.7	37.9	13.29	13.23	14.82
Retail	327.03	331.69	353.96	32.9	31.5	34.1	9.94	10.53	10.38
Finance-Ins. & R.E	391.23	385.78	464.63	34.9	34.2	37.2	11.21	11.28	12.49

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Table 3

The Job Outlook in Brief

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
MANAGERS and ADMINISTRATORS				
Education Administrators	1,029	9.4	97	Slight surplus of primary and secondary administrators in Alaska. Fewer out-of-state candidates are being recruited for these positions. Competition for positions with the State Department of Education is very keen. There is a surplus of community college and university administrators. Competition is also keen among qualified applicants for these openings.
Financial Managers	1,494	11.2	168	Surplus of applicants. An excess of qualified candidates exists in Alaska. Those with a strong area of expertise and a proven track record will have the most success. This position is usually filled by trainees or internal promotion because a thorough knowledge of the company or industry is essential.
PROFESSIONAL, PARAPROFESSIONAL, and TECHNICAL				
Accountants & Auditors	2,185	10.4	228	Shortage of fully trained auditors and certified public accountants (CPA). Demand exceeds the in-state yearly training capacity. Some employers are forced to recruit out-of-state. The outlook depends mainly on the health of Alaska's economy, greater use of accounting services by all sizes of firms and the public sector, complexity of tax laws, and government regulation of financial reporting. Studies indicate that these factors will generate a steady demand for accountants and auditors in Alaska. People interested in being a certified accountant should obtain good academic preparation before taking the qualifying exams.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
PROFESSIONAL (cont.)				
Drafters	788	9.3	73	Moderate shortage of experienced drafters. Surplus of those with limited training and experience. Opportunities are good for drafters with several years of experience. Sources indicate that opportunities for drafters in federal, state, and local governments should continue to increase; experience is preferred. The outlook for architectural drafters depends upon the level of resumption of commercial and residential building.
Electrical & Electronic Technicians	851	10.2	87	Surplus of entry-level applicants. Shortage of highly trained, skilled technicians. The outlook for this occupation in Alaska depends on the level of economic activity for organizations which use electronic equipment. Presently this use is growing and should provide additional opportunities for technicians. There may be a decline in the number of testing technician positions due to automation eliminating much of the routine work of electronics testing. The knowledge of computer programming is needed in some situations to work with software-driven equipment.
Lawyers	1,090	9.5	104	Surplus of applicants. The outlook depends on many factors that generate or reduce business such as new laws, landmark court decisions, intensity of law enforcement, cost of services, and replacement of lawyers leaving the profession. Currently, graduates are at record levels; thus, competition for jobs is keen and is expected to remain that way in years ahead. Alaska has a shortage of lawyers in some of the smaller rural communities. Because the state laws are not yet firmly established in this relatively "young state," it is an attractive place for ambitious lawyers. The recent oil, gas, and mineral development in Alaska is also providing job opportunities for lawyers.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
PROFESSIONAL (cont.)				
Nurses: Registered	2,591	10.2	264	Surplus of general duty nurses; shortage of qualified workers in specialty areas. The outlook depends on expansion of medical services, extension of prepayment programs for hospitalization and medical care, and increased interest in preventative medicine and and rehabilitation of the handicapped. In Alaska, the supply is unevenly distributed by geographic area and specialty. Sources indicate a shortage in some of the less populated areas of the state. Competition may increase if enrollment in nursing schools continues its upward trend. Prospects may be best for those with supervisory experience or specialty training in areas such as intensive care, coronary, emergency room, labor and delivery, operating room, pediatrics, orthopedics, newborn intensive care, and psychiatric care. Because smaller institutions must still offer a broad range of services in spite of limited staff sizes, many of them require at least a year of experience in acute care or similar specialties. Nationally, forecasts of the foreseeable future show continued growth in the nursing field.
Social Workers, Exc. Medical/Psychiatric	632	8.5	54	Shortage of applicants in some interior rural communities. Surplus elsewhere in the state. The outlook depends on the amount of financial support for public programs in welfare, corrections, mental health, vocational rehabilitation, and other community organizations. Currently, there is generally an over-supply of social workers, especially at the bachelor's degree level. One way people have been getting jobs is by taking clerical positions or by volunteering within an agency while waiting for social work positions to become available. For jobs in the bush, a knowledge of rural areas and cultural differences is very important.

Occupation	**Estimated Employment 1985**	**Percent Change in Employment 1985-1990**	**Numerical Change in Employment 1985-1990**	**Employment Prospects**
PROFESSIONAL (cont.)				
Teachers: College & University	1,168	3.0	35	Extreme surplus of applicants. The outlook depends on new training and research programs and on financial support of postsecondary institutions. Currently there is a surplus of applicants for teaching positions in most disciplines at both state and national levels, resulting in extremely keen competition. Some fields, such as engineering, computer science, business administration, and law will offer more employment opportunities due to teachers in these fields leaving for jobs outside the academic setting. Opportunities in college teaching are best for people with excellent academic records and experience.
Teachers: Elementary & Secondary School	6,155	12.6	776	Varies by location and by teaching specialty. More than 1,000 teaching positions are filled each year statewide. There is a surplus of certificated applicants for standard teaching positions in major population centers. There is a shortage of teachers with training in special education, business education, industrial education, and music; a shortage of secondary teachers specializing in science and math. One source reports a shortage of art teachers and reading specialists. In-migration from other states of more than 300 teachers/year helps to meet the need for positions requiring specialized training. There is less competition for positions in rural areas. The turnover rate varies by school district, but is generally higher in rural areas.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
SALES				
Cashiers	5,203	14.3	743	Surplus of applicants. Qualifications are few, resulting in competition for positions. Due to the lower rates of pay in many of these positions, there are a significant number of openings created by turnover. The long-term outlook depends on expansion of business activities, replacement of those now working, and on technological advances in computerized pricing and in change-making equipment. Nationally, the number of cashier jobs is expected to increase due to a trend toward more service-related jobs.
Salespersons: Retail	6,571	13.3	877	Surplus of applicants, although some employers report a shortage of qualified, experienced people. The outlook depends on general business conditions, expansion of retail sales facilities, the degree to which computerized checkout systems are utilized, and replacement of those who leave the occupation. Due to low pay and employee advancement, many openings are created by turnover; however, the supply of applicants will continue to exceed the number of jobs. Those with experience and a willingness to work will fare best.
Sales Agents/Placers: Insurance	374	19.3	72	Shortage of qualified applicants. The outlook depends on increased demand for insured protection by industry and the general public. Beginners often find it hard to build a clientele and many quit in the first few years; therefore, jobs are always available for beginners. The long-term outlook for ambitious people who develop expertise in a wide range of insurance and financial services is good. Since insurance selling is so highly competitive, future opportunities may be limited by the trend toward more group coverage. The increasing use of computers to relieve agents of clerical tasks and routine personal contact may also limit future opportunities in this occupation.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
SALES (cont.)				
Stock Clerks: Sales Floor	1,339	2.8	37	Currently, there is a slight surplus of applicants, particularly for entry positions. However, due to the relatively high turnover at this level, opportunities will arise from replacement needs. The outlook depends on the expansion of manufacturing, wholesale and retail trade, upon general economic stability, and the rate of automation of these tasks.
CLERICAL and ADMINISTRATIVE SUPPORT				
Bookkeeping/ Accounting, & Andinting Clerks	5,517	9.4	517	Slight surplus of entry-level applicants; balance to slight shortage of fully qualified, experienced workers. The outlook depends mainly on general business in Alaska and the replacement of those who advance to other positions or leave the occupation. The turnover rate is relatively high, although competition is often keen for entry-level positions. Some employers report a shortage of applicants with combined bookkeeping and secretarial skills. Sources indicate that in remote areas of Alaska many opportunities are for part-time employment.
General Office Clerks	5,041	8.0	403	Slight to moderate surplus of workers. The outlook depends mainly on the economy of Alaska and the need to replace workers who leave the occupation. Studies indicate a good demand for office clerks in Alaska. In addition, these are typically entry-level, low paying jobs which experience high turnover as workers move on to other positions.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
CLERICAL (cont.)				
Hotel Desk Clerks	308	10.7	33	Slight shortage of applicants. There is always a demand for people with training and/or experience in front desk operations. Demand in the state is expected to increase as hotels and motels are built or expanded. Turnover will also create some job openings. Nationally, growth will be limited by the use of computerized reservation systems in most motel and hotel chains. The number of people employed in this occupation is less affected by economic conditions than is employment in other motel and hotel occupations. Those who are willing to work evening and night shifts improve their chances for a job.
Receptionists & Information Clerks	1,592	11.8	188	Slight surplus of qualified applicants. Turnover and promotions will create some openings. Most employers prefer applicants with clerical skills in addition to phone answering and greeting abilities.
Secretaries	6,237	9.5	594	Slight surplus of applicants. Secretaries are employed in all sectors of the labor force in Alaska. Because of this, the outlook for the occupation depends mainly on the state economy and the need to replace workers who leave the occupation. The growth of the state economy has slowed, but replacement of workers who leave the occupation will provide opportunities for many workers. Those with good typing, bookkeeping, and other office skills will do best. People with training in specialty areas such as medical or legal work, or with word processing equipment, should find opportunities in more populated areas of Alaska.
Stock Clerks, Stockroom/ Warehouse	1,397	10.2	143	Currently, there is a slight surplus of applicants, particularly for entry positions. However, due to the relatively high turnover at this level, opportunities will arise from replacement needs. The outlook depends on the expansion of manufacturing, wholesale and retail trade, upon general economic stability, and the rate of automation of these tasks.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
CLERICAL (cont.)				
Supervisors/ Managers: Clerical	2,489	11.2	278	Balance to slight surplus of applicants. These positions are often filled by promotion from within the firm, so few openings are available to entry-level applicants. Prospects are best for those in related occupations such as bookkeepers and office clerks.
Teacher Aides/ Education Assistants: Clerical	689	11.9	82	Large surplus of applicants. In some areas the competition is so keen that these positions are being taken by certified teachers. The outlook depends on replacement of those who leave the occupation, size of student population, the role of aides within the school setting, and upon financial backing from individual school districts. Generally, those with clerical skills, some college training, experience working with young people, or special abilities in an art or craft should do best. In some programs, applicants with knowledge of a second language or experience working with handicapped students will have an advantage.
Tellers	1,088	19.4	211	Surplus of applicants for entry-level positions; balance of experienced, fully trained workers. The outlook depends on expansion of business and banking activities, replacement of those now working, and on technological advances in banking equipment. Several studies indicate that automation will not reduce employment prospects because of most banks' continued emphasis on personalized service. Most tellers move on to other positions after several years, creating openings. Qualifications are few, resulting in keen competition. Those possessing experience in handling money and dealing with the public will do best.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
CLERICAL (cont.)				
Typists	1,809	10.0	181	Surplus of applicants. The outlook depends mainly on the economy of Alaska and the need to replace workers who leave the occupation. Clerk typist is typically an entry-level position in most offices and openings are created as workers move on to other positions. Because of the high turnover in this occupation, clerk typists with good typing and other clerical skills should find good opportunities. Highly qualified applicants should have no trouble finding employment. Sources also indicate that familiarity with computers and word-processing equipment is becoming increasingly more important.
SERVICE				
Bartenders	1,487	14.7	219	Slight surplus of applicants. Openings are created by those who leave the occupation. The turnover rate is moderately high and those who convey a pleasant manner and willingness to work the less desirable shifts should find jobs. It is not uncommon for people to progress from cocktail waiter or waitress to bar assistant to bartender. Demand for bartenders increases in the summer and provides some opportunities for students.
Child Care Workers	913	11.0	100	Balance of workers and jobs. Because of the low wages, the turnover is high, resulting in a large number of openings. The outlook depends on the demand for child care and on public and private willingness to fund child care. Demand is affected by local employment conditions. Currently, demand for child care services is great, but funds are limited. Legislation which supports child care delivery systems can be very helpful. Altogether, moderate growth is expected.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
SERVICE (cont.)				
Cooks: Restaurant	1,356	15.4	209	Balance to slight shortage of applicants. The food service industry is growing in Alaska but the trend toward fast food establishments does not create openings for cooks and chefs. Turnover and promotion create openings for positions like dishwasher and kitchen helper that can lead to employment as a cook. Highly skilled cooks and chefs are always in demand; however, it takes a number of years to qualify.
Cooks: Short Order/ Specialty Fast Food	981	16.9	166	Balance of workers and jobs. Employment growth depends on expansion of the number of small restaurants, diners, and short-order eating places. Many openings will occur from a need to replace those who leave the occupation. The turnover rate is relatively high, likely because of the working conditions and low wages. Opportunities usually exist for experienced persons. Related restaurant experience, such as being a kitchen helper, improves a beginner's chances for a job.
Counter Attendants	821	16.3	134	Balance of workers and jobs. The employment outlook depends on growth of the fast food industry and replacement of workers who leave the occupation. Employment in fast food restaurants is expected to grow, especially in the more populated areas. There is a high turnover rate in this occupation but there are also many applicants because of the minimal hiring requirements. Those who convey a pleasant manner and willingness to work the less desirable shifts should find jobs.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
SERVICE (cont.)				
Fire Fighters	581	17.7	103	Surplus of applicants for structural fire fighters in cities and towns; there are many well-qualified individuals awaiting an opportunity. The good pay, work schedule, and community appreciation make this occupation very attractive to many people. Competition is keen, especially in populous areas. Opportunities may arise as smaller communities increasingly employ one or two professional fire fighters to lead volunteer teams, conduct departmental matters, and maintain the equipment. For forest or wildfire fighters, competition for the full-time seasonal positions is keen. For occasional work the demand for forest fire fighters varies from location to location, with the time of year, and the number of fires to be suppressed in a particular area.
Food Preparation Workers	2,042	14.9	304	Balance to slight shortage of applicants. The outlook depends on replacement of those who leave the occupation and expansion of the restaurant industry. High job turnover will generate most openings. Most do not consider this occupation as a career because of the irregular hours, hard work, and low wages. Many are students who work part time while attending school and then find other jobs after graduation. Opportunities for advancement to cook are fairly good. There is more of a demand in more populous areas with larger restaurants.
Food Preparation &: Service Workers: Fast Food	3,238	16.9	548	Balance of workers and jobs. The employment outlook depends on growth of the fast food industry and replacement of workers who leave the occupation. Employment in fast food restaurants is expected to grow, especially in the more populated areas. There is a high turnover rate in this occupation but there are also many applicants because of the minimal hiring requirements. Those who convey a pleasant manner and willingness to work the less desirable shifts should find jobs.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
SERVICE (cont.)				
Guards & Watch Guards	977	11.5	112	Balance of qualified applicants and jobs. The last several years have seen a rapid expansion of the number of firms in Alaska offering security services. The outlook depends on replacement of those who leave the occupation and the use of security services by public and private enterprises and agencies. Competition is keen for the higher paying jobs. Turnover is relatively high due to low wages and the often irregular and nonstandard working hours. Part-time work is available.
Janitors & Cleaners, Except Maids & Housekeeping Cleaners	4,255	11.5	490	Balance of workers and jobs. Competition is keen for the better paying positions. Job turnover is high, especially in the lower pay ranges but there are usually applicants for these openings as well. Opportunities are best for applicants with steady work histories and experience. Part-time work is available for students.
Maids & Housekeeping Cleaners	1,455	12.8	186	Slight surplus of applicants. The outlook depends on the replacement of those who leave the occupation, the level of commercial and tourist activity, and the number of motels, hotels, and health facilities. The high turnover rate creates a steady demand for responsible, reliable workers. Because demand for room cleaners increases in the summer, shortages will occur in some areas. These jobs provide employment opportunities for students.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
SERVICE (cont.)				
Nursing Aides Orderlies, & Attendants	881	9.0	79	Balance of workers and jobs. The outlook depends on replacement of those who leave the occupation and on the number of hospitals and convalescent and nursing homes. Because of expansion of medical services, this occupation is expected to grow at a faster than average rate. Additional opportunities may arise as more duties associated with patient care, formerly done by medically trained staff, are delegated to aides and orderlies. Hospital openings are usually filled by graduates of training programs or by persons previously trained by nursing homes. Thus, turnover in nursing homes is high and openings are usually available. Low pay, undesirable shifts, and the strenuous nature of the work are other factors that influence the turnover rate.
Police Patrol Officers	1,048	13.0	136	Surplus of applicants. The outlook depends on expansion of current protective service forces and upon public financial support. Presently, the supply of applicants continues to exceed demand, particularly in population centers. Hiring requirements are high and competition is keen. Cutbacks in municipal budgets may affect the number of openings. Sources indicate that those with military experience and/or post-secondary investigative education should fare best. Opportunities are opening up in related areas such as private security and investigating firms.
Waiters & Waitresses	3,874	15.6	604	Balance of applicants and jobs. Job turnover is high due to the low wages and hard work involved. Opportunities are available for those with good work records and adequate skills. Competition for the higher paying, more prestigious positions may be keen. Opportunities are best in the populous areas of the state. Prospects are fairly good for beginners who convey a pleasant manner, neat appearance, and the willingness to work the less-desirable shifts. Employment increases during the summer months and provides some opportunities for students.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
PRODUCTION/CONSTRUCTION/OPERATING/MAINTENANCE/ MATERIAL HANDLING				
Cannery Workers	5,559	8.8	489	Slight shortage of in-state applicants. The outlook depends on replacement of those who leave the occupation, the size of the crop or catch, and technological changes in canning or freezing methods. Studies predict moderate employment growth. Employers of cannery workers report high turnover, much of which is due to college students working during the summer and returning to school in the fall. Freezing facilities that operate year round have a lower rate of turnover.
Industrial Truck & Tractor Operators	699	8.2	57	Surplus of applicants. The outlook depends on replacement of those who leave the occupation, technological changes, and the level of economic activity in construction, manufacturing, and wholesale and retail trade. Studies predict a slow employment growth because of the technological improvements in material-handling methods and equipment. Replacement needs are greater than for most occupations since fork lift operators are more likely to transfer to other types of jobs.
Maintenance Repairers: General Utility	3,065	10.2	313	Moderate surplus of applicants. The good wages and steady work attract qualified people. Openings will arise mainly from worker retirement and moderate job turnover. Technological improvements in equipment and building materials may eliminate some jobs in the future.

Alaska

By Edward Eboch

Construction Industry Employment

Alaska's labor force data continued to point to a rapidly deteriorating economy. While employment had its usual seasonal increase it was not enough to hide the problems in the economy. The unemployment rate for July is an all time record. Year-to-year losses in employment continue. (The number of job losses is greater than indicated. State government shows a year-to-year increase when in fact permanent jobs are below year-ago levels. Employment of fire fighters in the interior and southwest regions of the state amounted to more than 1,300 jobs that would not be expected this time of year.) With the latest cuts in the state budgets and the associated layoffs yet to appear in the employment numbers, we can expect a continued slide in the year-to-year comparisons.

While many industries have experienced declines in employment over the year, construction has been the major contributor to lost jobs. A comparison of construction employment (using data for the first six months of each year) indicates that construction employment is down 24% since 1984, the peak year for construction (Table 1). The quarterly construction employment data (Table 2) shows the shift from a growing construction industry to a declining industry beginning in the third quarter of 1984 and continuing to the current period.

With the depressed residential market it may be surprising to find 1986 residential construction employment at the same level as in 1985. This is largely the result of military related construction, especially the construction of housing units at Ft. Wainwright, near Fairbanks.

The largest decline in construction employment since last year is in the nonresidential building segment of the industry. This includes commercial and industrial building contractors. With vacancy rates up, and climbing, this segment of the industry is unlikely to recover in the near term. In addition, the reduction in state revenues to local communities means additional job losses in nonresidential building.

Conclusion

With overbuilding in many areas of the economy and with the cutbacks in oil company and state construction expenditures there is little likelihood of construction employment increasing in the near term. Once the current development activities on the north slope are completed and the military expansion is finished, largely by next year, construction employment will decline further.

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 7/86	r/ 6/86	7/85	Changes From: 6/86	Changes From: 7/85
Nonag. Wage & Salary	244800	234000	249300	10800	-4500
Mining	8800	8800	9700	0	-900
Construction	18100	17100	22500	1000	-4400
Manufacturing	21300	14400	21400	6900	-100
Food & Kindred Prod.	14700	7700	15100	7000	-400
Lumber & Paper Prod.	3000	3200	2600	-200	400
All Other Mfg.	3600	3500	3700	100	-100
Trans. Comm. & Utilities	20600	20200	20500	400	100
Trucking & Whseing	2200	2200	2400	0	-200
Water Transportation	1800	1600	1800	200	0
Air Transportation	7000	6900	6600	100	400
Other Trans. Comm. & Utilities	9600	9500	9700	100	-100
Trade	47400	47200	49000	200	-1600
Wholesale	8500	8600	9000	-100	-500
Retail	38900	38600	40000	300	-1100
Gen. Mer. & Apparel	5600	5500	5600	100	0
Food Stores	6600	6500	6600	100	0
Eating & Drinking Pl.	14500	14400	14900	100	-400
Other Retail Trade	12200	12200	12900	0	-700
Finance-Ins. & R.E.	13300	13400	13400	-100	-100
Services & Misc.	48500	47400	47400	1100	1100
Government	66800	65500	65400	1300	1400
Federal	18300	18200	17900	100	400
State	20500	19400	19800	1100	700
Local	28000	27900	27700	100	300

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

p/ Denotes primary estimates.
r/ Denotes revised estimates.

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 7/86	R/ 6/86	7/85	P/ 7/86	R/ 6/86	7/85	P/ 7/86	R/ 6/86	7/85	P/ 7/86	R/ 6/86	7/85
Alaska Statewide	276576	268577	271113	29203	29185	23176	10.6	10.9	8.5	247373	239392	247937
Anch MatSu Region	143288	141542	141139	14223	13757	10614	9.9	9.7	7.5	129065	127785	130525
Anchorage Borough	125716	124093	123998	11564	11073	8555	9.2	8.9	6.9	114152	113020	115443
MatSu Borough	17572	17449	17141	2659	2684	2059	15.1	15.4	12.0	14913	14765	15082
Gulf Coast Region	33683	30319	32474	3772	4021	2754	11.2	13.3	8.5	29911	26298	29720
Kenai Peninsula Bor	21592	19452	20501	3091	3186	2118	14.3	16.4	10.3	18501	16266	18383
Kodiak Island Bor	7615	6874	7528	401	531	360	5.3	7.7	4.8	7214	6343	7168
Valdez-Cordova	4476	3993	4445	280	304	276	6.3	7.6	6.2	4196	3689	4169
Interior Region	42678	42076	41513	5654	5764	4920	13.2	13.7	11.9	37024	36312	36593
Fairbanks North Star Br	34828	34274	33699	4909	4930	4128	14.1	14.4	12.2	29919	29344	29571
Southeast Fairbanks	3303	3252	3227	281	288	240	8.5	8.9	7.4	3022	2964	2987
Yukon-Koyukuk	4547	4550	4587	464	546	552	10.2	12.0	12.0	4083	4004	4035
Northern Region	8287	8311	8527	1193	1152	1218	14.4	13.9	14.3	7094	7159	7309
Kobuk	2680	2651	2696	460	411	409	17.2	15.5	15.2	2220	2240	2287
Nome	3470	3529	3498	509	541	447	14.7	15.3	12.8	2961	2988	3051
North Slope Borough	2137	2131	2333	224	200	362	10.5	9.4	15.5	1913	1931	1971
Southeast Region	35374	34579	34619	3203	3271	2898	9.1	9.5	8.4	32171	31308	31721
Haines Borough	1075	1056	1054	72	79	65	6.7	7.5	6.2	1003	977	989
Juneau Borough	14089	13681	13663	1365	1298	1116	9.7	9.5	8.2	12724	12383	12547
Ketchikan Gateway Bor	7512	7352	7320	662	686	566	8.8	9.3	7.7	6850	6666	6754
Pr. of Wales-Outer Ketch	2656	2622	2608	319	348	304	12.0	13.3	11.7	2337	2274	2304
Sitka Borough	4307	4201	4336	324	325	409	7.5	7.7	9.4	3983	3876	3927
Skagway-Yakutat-Angoon	2089	2013	2028	217	192	183	10.4	9.5	9.0	1872	1821	1845
Wrangell-Petersburg	3646	3654	3610	244	343	255	6.7	9.4	7.1	3402	3311	3355
Southwest Region	13266	11750	12841	1158	1220	772	8.7	10.4	6.0	12108	10530	12069
Aleutian Islands	3087	2693	3025	128	119	75	4.1	4.4	2.5	2959	2574	2950
Bethel	5323	4755	5131	627	671	450	11.8	14.1	8.8	4696	4084	4681
Bristol Bay Borough	493	430	486	23	21	17	4.7	4.9	3.5	470	409	469
Dillingham	2231	1986	2155	143	171	74	6.4	8.6	3.4	2088	1815	2081
Wade Hampton	2132	1886	2044	237	238	156	11.1	12.6	7.6	1895	1648	1888

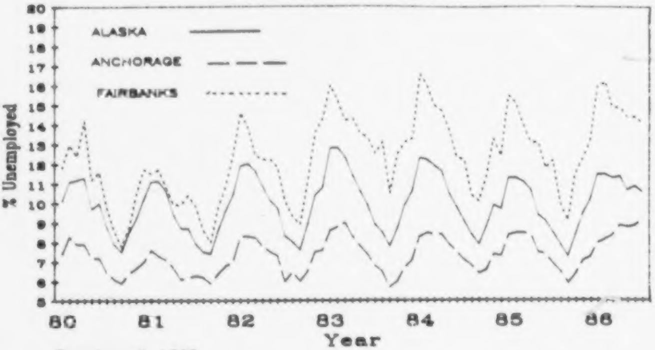
P/ Preliminary R/ Revised 1985 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federalfunds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Table 1
Construction Industry
Average Monthly Employment for the First Half
1983-1986

	1983	1984	% change 1983/ 1984	1985	% change 1984/ 1985	1986	% change 1985/ 1986	% change 1984/ 1986
Residential	2471	2948	19	2411	-18	2419	00	-18
Nonresident	2201	2482	13	2263	-9	1469	-35	-41
Highway & Street	2101	1618	-23	1767	9	1683	-5	-4
Utility	1749	1317	-25	944	-28	808	-14	-39
Other Heavy	1990	2414	21	1649	-32	1255	-24	-48
Painting & Paper	1285	1566	22	1578	1	1249	-21	-20
Plumbing & Heating	244	331	35	309	-6	341	10	3
Electrical	2080	2227	7	1867	-6	1738	-7	-22
Masonry & Carpentry	930	1224	31	1117	-9	949	-15	-22
Misc. Special Trades	1189	1470	24	1714	17	1365	-20	-7
Other Special Trade	978	834	-15	876	5	744	-15	-11
Total	17221	18434	7	16500	-10	14023	-15	-24

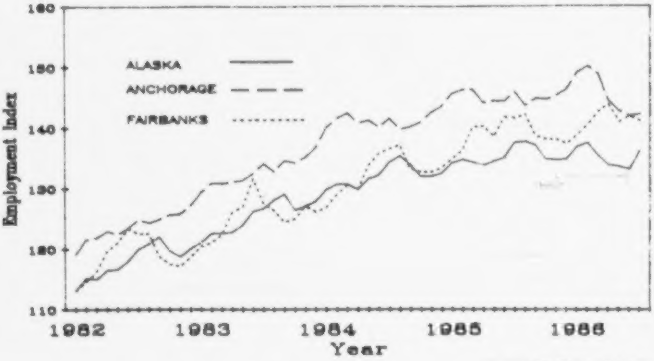
UNEMPLOYMENT RATES
NOT SEASONALLY ADJUSTED
1980 to Present



Benchmark 1985

source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes
Seasonally Adjusted
1982 to Present



source: Ak. Dept. of Labor

Anchorage/MatSu

By Greg Huff

Impact of State Government Layoffs

Anchorage's wage and salary employment and labor force statistics continued to reflect the deepening economic downturn. The number of jobs this July is down 3.3% compared to July of last year and July's unemployment rate of 9.2% is the highest rate for Anchorage since March, 1978. There are over 3,000 more unemployed workers this July than last July.

The economic downturn has impacted nearly every major industry; however, construction and related industries continue to be hardest hit. The scope and severity of the downturn is intensifying with layoffs beginning to occur in state government and supporting industries, but the effects of the state's budget shortfall have yet to impact the economy to their fullest. As of July, the beginning of a new state fiscal year, state government employment figures showed a decline of 250 jobs from last years levels. This decline resulted from the most part from the elimination of vacant positions and normal attrition combined with a hiring freeze.

State Government Employment

From January through April state government maintained employment levels above the previous year, but a hiring freeze and attrition then began to take their toll. By May state government employment had fallen below 1985 levels by 50 jobs and by June that number had reached 150. The beginning of a new state fiscal year and budget in July brought additional declines. With announced state budget shortfalls, another round of cuts are expected. When these do occur, Anchorage could lose an additional 300 positions. Because the average job in state government in Anchorage pays an annual salary of $33,650 the loss of the buying power of a state employee is substantial and will have a negative impact on other jobs in the Anchorage economy. For every state job lost, an additional job will be lost in the local economy.

State government has many functions ranging from operating low income apartments to providing law and order. In order to carry out these functions state government is composed of various departments, systems and quasi-independent organizations. Each one of these can be categorized into a Standard Industrial Classification (SIC) Code. These codes were developed to classify establishments or organizations by their primary function or type of activity engaged in. These codes promote uniformity and comparability in the presentation of employment data. The remainder of this article will discuss state employment in the context of the primary function of the state organization. In Table 1 the departments, systems and other state units are listed by SIC category.

Anchorage is the base for what most state agencies call the Southcentral Region or the Third Judicial District. In 1985 state employees located in Anchorage represented 35% of state government employees in Alaska. This was an increase from 32% in 1980. (Anchorage contains 47% of Alaska's population.)

State government employment represented 6.5% of total nonagricultural wage and salary employment in Anchorage in 1985, nearly 11,000 jobs. During that year state employees received $241 million in wages, representing 7.7% of the $3.1 billion in total wages paid in the Anchorage area.

Over the five year period from 1980 to 1985, state government employment (including Alaska Railroad employment) grew by 47%, a growth rate slightly greater than the average growth rate of 42% for the Anchorage economy. In January 1985 the railroad was transferred from federal government ownership to state ownership, increasing state employment by 563 jobs. Excluding railroad employment, state government growth was 41%.

The Largest and Fastest Growing Departments

The educational services category, which includes the University of Alaska at Anchorage (UAA) and Anchorage Community College (ACC), had the largest increase in employment compared to other Anchorage state units from 1980 to 1985. Over 530 positions were added to these organizations. This growth in employment was supported by a rise in student enrollment. From the fall of 1980 to the fall of 1985, UAA's enrollment had increased from 3,398 to 4,581 students (95% of whom were full-time students) and ACC's enrollment expanded from 8,274 to 12,209 students. By 1985 the university and college employed over 21% of the state employees working in Anchorage, up from 13% in 1980.

While the university system had the greatest increase in the number of employees, the executive, legislative and general government sector grew the fastest during this period, increasing by 93%. The bulk of the growth was in the Department of Administration where Anchorage employment increased from 147 to 401 jobs. Some of this increase was due to expanding programs while some was due to the switching of functions and jobs from Juneau to Anchorage.

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

				Changes From:	
	p/ 7/86	r/ 6/86	7/85	6/86	7/85
Nonag. Wage & Salary	115700	114500	119650	1200	-3950
Mining	3900	3900	4200	0	-300
Construction	8150	7600	10850	550	-2700
Manufacturing	3700	3100	3750	600	-50
Food & Kindred Prod.	1550	1000	1500	550	50
Other Mfg.	2150	2100	2250	50	-100
Trans. Comm. & Utilities	10650	10450	10800	200	-150
Trucking & Whseing.	1250	1200	1300	50	-50
Water Transportation	400	300	400	100	0
Air Transportation	4350	4300	4250	50	100
Other Trans. Comm. & Utilities	4650	4650	4850	0	-200
Trade	27450	27500	28600	-50	-1150
Wholesale	6350	6300	6700	50	-350
Retail	21100	21200	21900	-100	-800
Gen. Merchandise	1900	1850	2100	50	-200
Food Stores	3050	3100	3050	-50	0
Eating & Drinking Pl.	8350	8250	8750	100	-400
Other Retail Trade	7800	8000	8000	-200	-200
Finance-Ins. & R.E.	8700	8850	8950	-150	-250
Services & Misc.	27500	27200	26800	300	700
Government	25650	25900	25700	-250	-50
Federal	10100	10150	9850	-50	250
State	6800	6700	7050	100	-250
Local	8750	9050	8800	-300	-50

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

				Changes From:	
	p/ 7/86	r/ 6/86	7/85	6/86	7/85
Nonag. Wage & Salary	123550	122000	127450	1550	-3900
Mining	3900	3950	4200	-50	-300
Construction	8950	8350	11850	600	-2900
Manufacturing	3850	3200	3900	650	-50
Trans. Comm. & Utilities	11350	11100	11450	250	-100
Trade	29450	29450	30500	0	-1050
Finance-Ins. & R.E.	9200	9350	9500	-150	-300
Services & Misc.	29000	28400	28400	600	600
Government	27850	28200	27650	-350	200

In 1983 the Department of Corrections was created. Previously it was a division under the Department of Health and Social Services. This change shifted correction employment from the human resource program category to justice, public order and safety. Because the change did not occur until the second quarter of 1983, the annual average employment for the Department of Correction shows 172 jobs, although 300 jobs were involved in the move. Discounting the swap, employment in departments administering human resource programs grew slower than in any other major state sector, 11% versus 41% for state government as a whole (excluding railroad employment). Employment in the public order and safety sector grew at about the average rate.

Under the SIC category that includes organizations considered to administer economic programs, the Alaska Power Authority (APA) was included in Department of Commerce and Economic Development employment figures prior to September 1985.

Summary

The largest job gainers (by SIC categories) from 1980 to 1985 were the university system and justice, public order and safety followed by the environmental quality and the executive, legislative and general government sectors. The department administering human resource programs (less corrections) was the slowest growing major state unit during the period. The transfer of the Alaska Railroad increased state employment substantially, but no net gain of jobs was realized in the Anchorage economy due to this transfer of federal employees to state employee status.

With budget shortfalls and pending layoffs, all state government agencies will show declines from their 1985 employment levels and the effect of these layoffs will ripple through the Anchorage economy. Just as the decline in construction employment has adversely affected employment in it supporting industries, state government layoffs will result in layoffs in other industries.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
PRODUCTION (cont.)				
Mechanics: Aircraft	870	16.9	147	Surplus of certified mechanics. The outlook depends on wages, the amount of aviation activity, the further improvement of repair facilities, and the availability of training opportunities. As the amount of aviation activity increases, so too will the demand for mechanics; however, labor-saving advances in aircraft maintenance will limit the growth in this field. Job opportunities, especially in general aviation, appear to be best for those mechanics who are willing to relocate. Those who want to work for major airlines will find the best opportunities in cities such as San Francisco, Los Angeles, New York, Kansas City, and Dallas where maintenance bases for major airlines are located.
Mechanics: Automotive	1,235	9.6	119	Slight shortage of fully qualified workers.The outlook depends on general economic conditions in Alaska, the cost and supply of gasoline, and the willingness of employers to provide on-the-job training. Many employers indicate a surplus of applicants with some training and no practical experience. The development of more effective methods of training may enable more people to move right into journeyman-level positions. The growing complexity and cost of automobiles should increase demand for repair and maintenance work. Currently, there is a moderate demand for mechanics because many people are having their cars repaired rather than buying new ones. Turnover in this large occupation will create quite a few openings.

Occupation	Estimated Employment 1985	Percent Change in Employment 1985-1990	Numerical Change in Employment 1985-1990	Employment Prospects
PRODUCTION (cont.)				
Truck Drivers: Light—Include Delivery & Route Workers	1,752	8.7	152	Surplus of local truck drivers. The outlook depends on the level Route Workers of economic activity in construction, manufacturing, wholesale and retail trade, and replacement of those who leave the occupation. Because construction and logging activity is seasonal, there is a lower demand for drivers in the winter. Studies predict moderate employment growth for this occupation in Alaska, although the number employed varies from year to year depending on the economy. Competition is stiff, due to the high wages and low entrance requirements. Applicants with good driving records have the best chance of being hired.

Table 2
Construction Employment
Average Monthly Employment by Quarter
1983-1986

	1Q 1983	2Q 1983	3Q 1983	4Q 1983	1Q 1984	2Q 1984	3Q 1984	4Q 1984	1Q 1985	2Q 1985	3Q 1985	4Q 1985	1Q 1986	2Q 1986
Residential	2109	2834	4082	3794	2635	3262	3838	3237	2282	2541	3567	3103	2138	2700
Nonresidential	1970	2433	3239	2868	2100	2865	3653	2972	1994	2534	3276	2162	1476	1462
Highway & Street	1267	2935	3218	1961	1090	2147	2789	1810	1340	2195	2911	1563	1111	2255
Utility	1475	2023	1902	1432	1257	1379	1597	875	682	1207	1592	1002	620	997
Other Heavy	1732	2248	3747	3680	2341	2487	2470	2289	1523	1776	2053	1464	1060	1450
Painting & Paper	1208	1362	1717	1719	1501	1632	1870	1771	1577	1579	1829	1628	1277	1222
Plumbing & Heating	209	280	378	315	274	388	501	356	280	340	505	364	296	387
Electrical	1909	2253	2862	2751	2203	2252	2641	2601	1893	1841	2350	2318	1776	1702
Masonry & Carpentry	841	1020	1490	1446	1143	1305	1603	1313	1011	1225	1402	1358	932	966
Misc. Special Trades	776	1602	2141	1595	1047	1893	2244	1777	1337	2092	2674	1585	1118	1614
Other Special Trade	865	1092	1164	942	722	946	1313	1062	799	954	1268	1208	768	720
Total	14361	20082	25940	22505	16312	20556	24520	20063	14718	18284	23427	17754	12572	15475

Table 1
Anchorage State Government 1/
Annual Average Employment By Primary Function (SIC)
1980-1985

SIC Code	SIC Title and Associated State Government Unit	1980	1981	1982	1983	1984	1985
40	Railroad Transportation	0	0	0	0	0	563
	Alaska Railroad	0	0	0	0	0	563
62	Investment/Security Brokers	15	31	38	42	42	43
	Alaska Housing and Finance Corporation	15	31	38	42	42	43
65	Operators of Apartment Buildings	63	68	65	76	80	83
	Alaska Housing Authority	63	68	65	76	80	83
82	Educational Services	1033	1156	1351	1484	1572	1566
	University and College	1033	1156	1351	1484	1572	1566
91	Executive, Legislative and Gen. Gov't.	242	268	351	435	466	469
	Governor's Office	68	30	42	34	42	39
	Dept. of Administration	147	207	270	355	367	401
	Ombudsman's Office	9	8	7	8	9	9
	Legislative Affairs	18	23	32	38	48	20
92	Justice, Public Order and Safety	613	667	690	859	1086	1146
	Dept. of Law	89	93	105	113	124	136
	Dept. of Public Safety	268	290	294	275	286	294
	Dept. of Corrections	0	0	0	172	362	382
	Court System	256	284	291	299	314	334

93	Public Finance and Taxation	128	152	152	164	165	175
	Department of Revenue	117	137	142	153	152	163
	Legislative Audit and Finance	11	15	10	11	13	12
94	Human Resource Programs	1061	1113	1186	1156	1010	1035
	Dept. of Education	90	96	97	94	93	92
	Dept. of Health and Social Services	771	832	919	877	725	744
	Dept. of Labor	200	185	170	185	192	199
95	Environmental Quality	735	934	1031	1058	1005	1023
	Dept. of Natural Resources	465	562	593	566	563	585
	Dept. of Fish and Game	208	278	330	362	315	304
	Dept. of Environmental Conservation	19	31	38	40	40	43
	Dept. of Commerce and Regional Affairs	43	63	70	90	87	91
96	Economic Programs	916	982	1085	1052	999	1008
	Dept. of Commerce and Economic Development	141	197	250	258	232	200
	Dept. of Transportation and Public Facil.	775	785	835	794	767	781
	Alaska Power Authority	0	0	0	0	0	27
97	National Security	54	49	51	48	50	50
	Military Affairs	54	49	51	48	50	50
	Total State Government	4860	5419	6000	6373	6475	7160
	Total State Government Wages (millions)	$130	$153	$178	$199	$199	$241

Source: Alaska Department of Labor, Research and Analysis ES-202.

1/Data reflects the annual average number of state workers who received a paycheck during the calendar year. These numbers should not be confused with the number of positions authorized by the legislature, which may differ due to vacancies and other reasons. This data does not distinguish between a full-time, part-time, project or seasonal employee.

Fairbanks/Interior

By Neal Fried

Effects of Local and State Government Layoffs

During the past month local and state governments have been grappling with budget shortfalls as a result of falling oil prices. The uncertainty of how the cuts will be implemented makes it difficult to measure the effect on employment in local and state government which will in turn affect other sectors of Fairbanks' economy. A detailed review of Fairbanks' local and state government employment picture will make it possible for the reader to roughly estimate the impact of budget revisions.

State and local government employ 22.7% of Fairbanks' wage and salary work force. They contribute a large share of the area's total payroll (27.2%). State and local government have been among the largest contributors to job growth during the past five years. Employment in these two levels of government has grown 28% or 1,427 jobs since 1980.

Because government employment is relatively constant over the course of a year it acts as a stabilizing force in the Fairbanks economy. The small seasonal swings in state and local government employments offset the normal seasonal variations in construction and other industries. The Fairbanks School District, the Tanana Valley Community College, and the University of Alaska reduce their employment as the rest of the economy is moving into the spring-summer upswing and the opposite occurs during the fall-winter downturn.

Possibly more important is the stabilizing role this sector has played during past downturns in the local economy. After the peak pipeline construction activity in 1975, local and state government employment fell only slightly, then quickly recovered, and then began to grow again as much of the remainder of the economy continued to decline. It played a leading role in pulling Fairbanks into its next growth phase in 1980-1981. The current picture is quite different. Government will not play a countercyclical or stabilizing role. With the loss of state revenues, the government sector will contribute to declines in employment.

Local Government

Local government includes employees of the Fairbanks North Star Borough School District, the Fairbanks North Star Borough, and the cities of Fairbanks and North Pole. Approximately 2,500 people in Fairbanks earn $98 million annually from local government. This

Fairbanks' State and Local Government Employment and Payroll 1985

	Annual Average Employment	Total Payroll	Percent of Fairbanks Total	
			Employment	Payroll
State Government	4,007	$131,063,321	14.0%	15.6%
Alaska Railroad	74	$3,587,194	0.3%	0.4%
U of A/TVCC	2,304	$64,010,031	8.0%	7.6%
Other	1,629	$63,466,096	5.7%	7.5%
Local Government	2,498	$98,145,867	8.7%	11.6%
Fairbanks NS Borough	431	$11,899,653	1.5%	1.4%
NS Borough School District	1,426	$56,181,846	5.0%	6.7%
City of North Pole	26	$898,154	0.1%	0.1%
City of Fairbanks	261	$12,543,085	0.9%	1.5%
Municipal Utilities System	348	$16,522,486	1.2%	2.0%
Other	6	$100,643	0.0%	0.0%

Source: Alaska Department of Labor, Research & Analysis Section, ES-202.

represents 8.7% of the wage and salary employment and 11.6% of the payroll in the borough.

The average job in local government in 1984 paid approximately $31,000 per year (comparable 1985 data does not exist). For every local job government loses, Fairbanks will lose the payroll as well as the dollars generated by the economic multiplier affect. Not only will the loss of payroll be felt but the loss of benefits the employees receive will also be felt. Approximately 18-30% can be added to the payroll to estimate the cost of benefits, but it is difficult to estimate the amount of these benefits that is expended in the local economy. Not all local government operating funds comes from the state but a portion of the funds are locally generated (through taxation and fees) or come from the federal government. Approximately 40% of the Borough's operating revenues, 73% of the school district's operating revenues and 49% of the City of Fairbanks' operating revenues come from the state. Because of their importance as contributors to local government spending, the loss of state funds will be felt directly in the economy.

It is not clear how many local government jobs will be lost in Fairbanks. If workers are laid off to cover the budget shortfall, the loss of one

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	p/ 7/86	r/ 6/86	7/85	Changes From: 6/86	7/85
Nonag. Wage & Salary	30900	30500	31150	400	-250
Mining	200	200	250	0	-50
Construction	3550	3300	4150	250	-600
Manufacturing	650	600	650	50	0
Trans. Comm. & Utilities	3050	3000	2950	50	100
Trucking & Whseing.	500	500	500	0	0
Air Transportation	950	950	900	0	50
Other Trans. Comm. & Utilities	1600	1550	1550	50	50
Trade	6700	6700	6800	0	-100
Wholesale	950	1000	1100	-50	-150
Retail	5750	5700	5700	50	50
Gen. Mer. & Apparel	600	600	550	0	50
Food Stores	850	850	850	0	0
Other Retail Trade	4300	4250	4300	50	0
Finance-Ins. & R.E.	1100	1100	1100	0	0
Services & Misc.	6200	6200	6050	0	150
Government	9450	9400	9200	50	250
Federal	3000	3000	2950	0	50
State	3850	3700	3750	150	100
Local	2600	2700	2500	-100	100

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	p/ 7/86	r/ 6/86	7/85	Changes From: 6/86	7/85
Nonag. Wage & Salary	35150	34350	35400	800	-250
Mining	350	350	400	0	-50
Construction	3750	3450	4350	300	-600
Manufacturing	650	650	650	0	0
Trans. Comm. & Utilities	3400	3300	3400	100	0
Trade	7150	7150	7250	0	-100
Finance-Ins. & R.E.	1150	1150	1150	0	0
Services & Misc.	6700	6700	6600	0	100
Government	12000	11600	11600	400	400

local government job may roughly translate into the additional loss of another one-half to one job in the economy.

State Government

Statewide, state government represents 8.7% of total wage and salary employment but the presence of the main University of Alaska campus increases Fairbanks' share. State government employs 14% of Fairbanks' wage and salary employment and contributes 15.6% of the total payroll. The average state employee in Fairbanks earns approximately $32,700 per year.

The university alone represents 8% of Fairbanks' wage and salary employment. Approximately 4,000 people in Fairbanks work for the state and they receive $131 million in paychecks per year. State government employment includes the University of Alaska, Tanana Valley Community College, the Alaska Railroad, as well as the usual operations of state government.

It is estimated that a state job supports one additional job in the economy. If this estimate is accurate, the recently announced first round of layoffs of approximately 37 state workers may translate into a total loss of approximately 70 jobs in Fairbanks' economy.

Layoffs in local and state government are only one result of the budget shortfall for the local economy. Construction has already been adversely affected and most other industries have begun to feel the effects of the decline in oil revenues. The fact that local and state government are not insulated from the most recent downturn in the economy may simply be an indication of how serious this economic contraction could become.

Current Trends

Last month the Fairbanks unemployment rate reached its highest level since 1978, and this month employment in Fairbanks had the first year-to-year decline in employment since 1980. The big year-to-year loser continues to be construction. Losses in the construction industry have become large enough to offset increases in other industries. Losses in construction have directly affected employment in the wholesale trade industry which is also suffering from over-the-year losses. Most other industries in July were either slightly ahead of year-ago levels or were flat. During the coming months more of these industries will experience year to year declines.

Fairbanks' July unemployment rate of 14.1% indicates little relief for the unemployed this summer. July's rate is almost two points above last year's unemployment rate. The decline in employment and strong increase in unemployment appears to be revealing the toughest labor market Fairbanks has experienced since the late 1970s.

Gulf Coast

By Neal Fried

The Effects of Local and State Government Layoffs

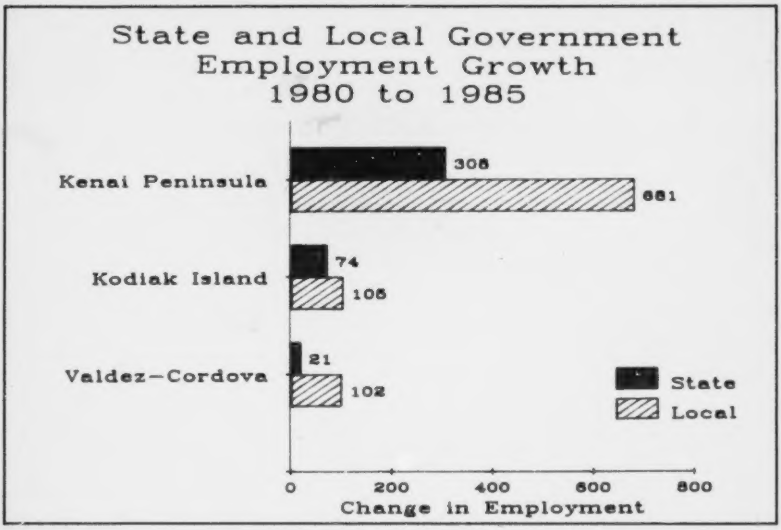
All communities in the Gulf Coast region are being affected differently by the decline in state revenues. Construction employment has fallen in many areas as a result of smaller state capital budgets. This in turn has adversely affected other industries such as transportation and wholesale and retail trade. Recently local and state government employment is beginning to feel the effects of the largest budget shortfall in Alaska's history.

Without exception, school districts, boroughs, cities, villages, community colleges, the Alaska Railroad and state government operations are being forced to pare their budgets. Layoffs have occurred and hours worked have been curtailed as functions have been cut back or eliminated. The full impact of declining oil revenues is just beginning to be felt by local and state government.

State and local government employ 24% of the Gulf Coast region's wage and salary work force and provide 26% of the area's payroll. Since 1980 state and local government employment in the region has grown by 1,291 jobs, making it one of the largest contributors to job growth in the region. Within the region the presence of state and local government can vary significantly. On the Kenai Peninsula and Kodiak Island, state and local government represents 22% and 20% of the wage and salary employment, but in the Valdez-Cordova area this share grows to 32%.

Government employment tends to smooth out seasonal swings in employment and provides some stability to the areas' economies during periods of economic declines. During the late 1970s, after completion of the oil pipeline, government employment remained stable and then began to grow again when much of the remainder of the economy performed poorly. The recent poor king crab harvests in Kodiak caused major economic dislocations in the local economy, but government provided some underlying stability. Employment in the region can fluctuate by as many as 8,400 jobs during the year within the region and in some areas the seasonal movement can be far greater. Government's relatively constant year-around employment has helped moderate the economic impact of these employment swings.

Local government includes the city, borough, village governments and the area's school district employment. City; village; or borough-run



utilities would also be included in this count. Approximately 3,200 people in the region earn $88 million annually from local government. This represents 16% of the employment and payroll in the region. Within the region Kodiak has the smallest percent of its employment in local government (14%) and the Valdez-Cordova area topped the region at 18%. The average job in local government in the region earns approximately $27,600 per year.

It remains unclear how many local government jobs will be lost. A major share of local government revenues come from the state. For example 42% of the Kenai Peninsula Borough's and 70% of the borough's school district funds come from the state, while 51% of Kodiak Island Borough's funds come from the state. Many local governments have announced planned layoffs and others such as the Kenai Peninsula Borough have already curtailed services. Though no exact measure exists to estimate the impact of the loss of a local government job, it could roughly translate into a loss of another one-half to one job in an area's economy.

State government employs 8%, or approximately 1,600 of the region's wage and salary employment, and contributes 10% of the total payroll. In the Valdez-Cordova area, a full 14% of the wage and salary work force is employed by the state compared to 6% in Kodiak. State government includes all of the community colleges in the region, the University of Alaska, the Alaska Railroad and the usual operations

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	p/	r/		Changes From:	
	7/86	6/86	7/85	6/86	7/85
Nonag. Wage & Salary	25750	22550	26000	3200	-250
Mining	800	800	900	0	-100
Construction	2000	2000	2500	0	-500
Manufacturing	7450	4000	7200	3450	250
Food & Kindred Prod.	6700	3300	6500	3400	200
All Other Mfg.	750	700	700	50	50
Trans. Comm. & Utilities	1750	1850	2000	-100	-250
Trade	4300	4300	4250	0	50
Wholesale	600	600	600	0	0
Retail	3700	3700	3650	0	50
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3750	3650	3550	100	200
Government	5050	5300	4950	-250	100
Federal	550	550	550	0	0
State	1600	1550	1650	50	-50
Local	2900	3200	2750	-300	150

of state government. The "average" job in state government in the region pays a salary of $34,500.

How many layoffs there will be in local and state government remains an unknown. Though other industries in the region have already suffered from layoffs directly related to the decline in oil revenues, the fact that local and state government will also suffer layoffs indicates the broad scope and severity of this recent downturn in the regions economy.

Current Trends

The unemployment rate for the region fell with July's unemployment rate for the region measuring 11.2% compared to 13.3% in June. Fish processing employment was the largest contributor to the growth in employment and therefore the decline in unemployment. Fish processing employment grew from 3,300 jobs in June to 6,700 in July. Kodiak's unemployment rate was the lowest in the region at 5.3% and was closely followed by Valdez-Cordova's unemployment rate of 6.3%. The Kenai Peninsula unemployment rate of 14.3% continued to be the highest in the region.

The unemployment rate for all of the areas remains above year-ago levels, which indicates that the entire region's economy is continuing the slowdown which began earlier this year. No immediate relief is in sight, therefore the region's unemployment rate will remain above year-ago levels through the end of the year.

State and Local Government
Employment and Payroll
Gulf Coast Region
1985

Area	Annual Average Employment	Total Payroll	Percent of Area Total Employment	Percent of Area Total Payroll
Kenai Peninsula				
State Government	836	$28,484,681	7%	8%
Local Government	1,870	$52,272,568	15%	15%
Kodiak Island				
State Government	282	$ 9,647,431	6%	10%
Local Government	650	$16,580,054	14%	17%
Valdez-Cordova				
State Government	514	$18,145,632	14%	16%
Local Government	670	$19,323,743	18%	17%
Gulf Coast Region				
State Government	1,631	$56,277,744	8%	10%
Local Government	3,189	$88,176,365	16%	16%

Southeast Alaska

By John Boucher

Personal Income Data for Southeast Alaska

Every year the U.S. Department of Commerce, Bureau of Economic Analysis, publishes income data for the 23 census areas of Alaska. Census area income data lag income data for the state by one year, therefore the most recent income data available for the state are 1985 estimates while census area estimates are available only through 1984. This article summarizes 1984 income data for Southeast Alaska census areas.

The Juneau Borough census area had the highest per capita income in the region and the second highest per capita income in the state. Juneau has been among the leaders in per capita income for the last ten years, in 1974 Juneau had the highest per capita income in the state but it was overtaken by the North Slope Borough in 1981. Juneau's relatively high per capita income is due to the number of government jobs in the area which tend to provide stable year-round income. In the Juneau Borough more than 50% of all the wages earned are paid to government workers in the federal, state, local and military sectors. The next largest sector in terms of wages paid was the services industry which accounted for 14.9% of employment. Another reason for the high per capita income is the high labor force participation rate in Juneau.

The Ketchikan Gateway Borough census area had the second highest per capita income of the areas in Southeast Alaska. Ketchikan, with 31.3% of its total wages earned in the government sector, is a relatively high per capita income area. It is worth noting that in Ketchikan, government wages play a larger part in the areas total income picture than they did ten years ago. In Juneau the opposite has occurred, indicating that the nongovernment industries have been more successful in Juneau than in Ketchikan. This is in large part due to the decline in prominence of the lumber industry in the Ketchikan economy since 1974 which has contributed to Ketchikan falling from the second highest per capita income in the state in 1974 to the sixth highest in 1984.

The Haines Borough had the biggest gain in both per capita and total personal income from 1983 to 1984. This gain was not only the biggest jump in Southeast but in the state as well. The Haines census area benefitted in 1984 from the opening of a new sawmill which helped to boost the wage and salary earnings and subsequently the total personal income of the Haines Borough substantially. Unfortunately, this gain in income will be short lived because the mill has since ceased operations.

The Wrangell-Petersburg census area experienced the sharpest decline in total and per capita income in Southeast Alaska as well as the state. The Wrangell-Petersburg situation is analogous to what happened in Haines only in the opposite direction. In 1983, the construction industry contributed over $30 million in wages to the economy, and the manufacturing industry contributed another $17 million. These two industries accounted for over 52% of the wages paid in the area. In 1984 construction dropped to $13 million and manufacturing dropped to $10.9 million. These drops dramatically lowered the total and per capita income in the area due to the end of several large state funded projects including a hydroelectric dam.

The Skagway-Yakutat-Angoon census area was the second fastest growing area in Southeast from 1983 to 1984 in terms of per capita income. Skagway-Yakutat-Angoon is dependent upon manufacturing for a large percentage of its total wage base. In 1984 35.9% of all wages paid were earned in the manufacturing sector but government was close behind with 30.3%.

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

				Changes From:	
	p/ 7/86	r/ 6/86	7/85	6/86	7/85
Nonag. Wage & Salary	31450	30650	31500	800	-50
Construction	1750	1700	2050	50	-300
Manufacturing	4550	3850	4350	700	200
Food & Kindred Prod.	1750	950	1800	800	-50
Lumber & Paper Prod.	2550	2650	2300	-100	250
All Other Mfg.	250	250	250	0	0
Trans. Comm. & Utilities	2300	2350	2250	-50	50
Trade	4900	4750	4900	150	0
Wholesale	450	400	450	50	0
Retail	4450	4350	4450	100	0
Finance-Ins. & R.E.	1200	1150	1200	50	0
Mining, Services & Misc.	4800	4850	4750	-50	50
Government	11950	12000	12000	-50	-50
Federal	2200	2200	2150	0	50
State	5450	5450	5500	0	-50
Local	4300	4350	4350	-50	-50

The Prince of Wales-Outer Ketchikan and Sitka areas both have economies dependent upon the timber industry, and the income data reflects this in the amount of wages paid in the manufacturing industry. Because of a much stronger government presence in Sitka than in the Prince of Wales-Outer Ketchikan area, Sitka's per capita income is greater.

As a region, Southeast Alaska did not perform as well as the rest of the state in terms of growth in total personal income from 1983 to 1984. The statewide average growth was 4.8% while Southeast grew by 1.4%. Southeast Alaska's heavy dependance upon government and manufacturing, which were not strong growth industries in 1984, contributed to the slower growth rate. In addition, construction took a drop in terms of wages paid in several Southeast Alaska census divisions and that also held down growth in personal income.

Current Trends

Southeast Alaska wage and salary employment increased by 800 in July on the strength of additional jobs in the seafood processing sector. Some additional seasonal job were added in the trade industry, predominantly in the retail sector. When compared to one year ago Southeast employment is at approximately the same level. The only major changes since last July have occurred in the construction and lumber industries. Construction has lost 300 jobs since last July while lumber and paper products has gained 250 jobs since last July.

Table 1
1984 Per Capita Income by Census Area
Southeast Alaska 1984

	Per Capita Income	AK. Rank	% of AK. Avg.	% of U.S. Avg.	% Change 83-84
United States	$12,772	-	73%	100%	9.3%
Alaska	$17,550	-	100%	137%	1.0%
Haines Borough	$17,250	8	98%	135%	12.7%
Juneau Borough	$21,253	2	121%	166%	-5.6%
Ketchikan Gateway Bor.	$18,138	6	103%	142%	-2.1%
Prince of Wales-Outer Ketchikan	$14,460	13	82%	113%	-1.2%
Sitka Borough	$16,090	11	92%	126%	0.9%
Skagway-Yakutat-Angoon	$16,124	10	92%	126%	8.4%
Wrangell-Petersburg	$15,812	12	90%	124%	-12.9%

Table 2
Total Personal Income by Census Area
Southeast Alaska 1984

	Total Personal Income (thousands)	AK. Rank	% of AK. T.P.I.	% Change 83-84
Haines Borough	$ 32,344	22	0.4%	13.1%
Juneau Borough	$ 505,302	3	5.8%	5.6%
Ketchikan Gateway Bor.	$ 232,148	6	2.6%	-0.4%
Prince of Wales-Outer Ketchikan	$ 63,148	17	0.7%	0.9%
Sitka Borough	$ 119,741	9	1.4%	-0.8%
Skagway-Yakutat-Angoon	$ 56,386	19	0.6%	7.0%
Wrangell-Petersburg	$ 100,514	13	1.1%	-15.0%
Southeast Alaska	$1,109,313	-	12.6%	1.4%

Hours and Earnings

By John Boucher

Manufacturing Hours and Earnings and Industry Mix

This months hours and earnings data shows some dramatic fluctuations in the manufacturing industry. Some of the movement is due to actual economic events and some of the movement occurs because of a change in the overall composition of the manufacturing industry. Average hours worked in the food and kindred products sector increased dramatically in July as the salmon harvest occurred throughout the state. In comparison, average weekly hours in the lumber and paper products sector of the manufacturing industry declined over the month due to the closure of several logging camps for the Fourth of July weekend.

As shown in the table neither lumber and paper products or food and kindred products average hourly earnings dropped from June to July yet the average hourly earnings in the manufacturing industry dropped significantly. This is due to the change in the amount of food and kindred products employment in relation to lumber and paper products employment from June to July. Since the manufacturing industry as a whole employed many more seafood processing workers in July than in June the overall industry wage moved more toward the average wage for food and kindred products. Thus the two dollar an hour drop in the average hourly wage when the industry subtotal wages changed very little.

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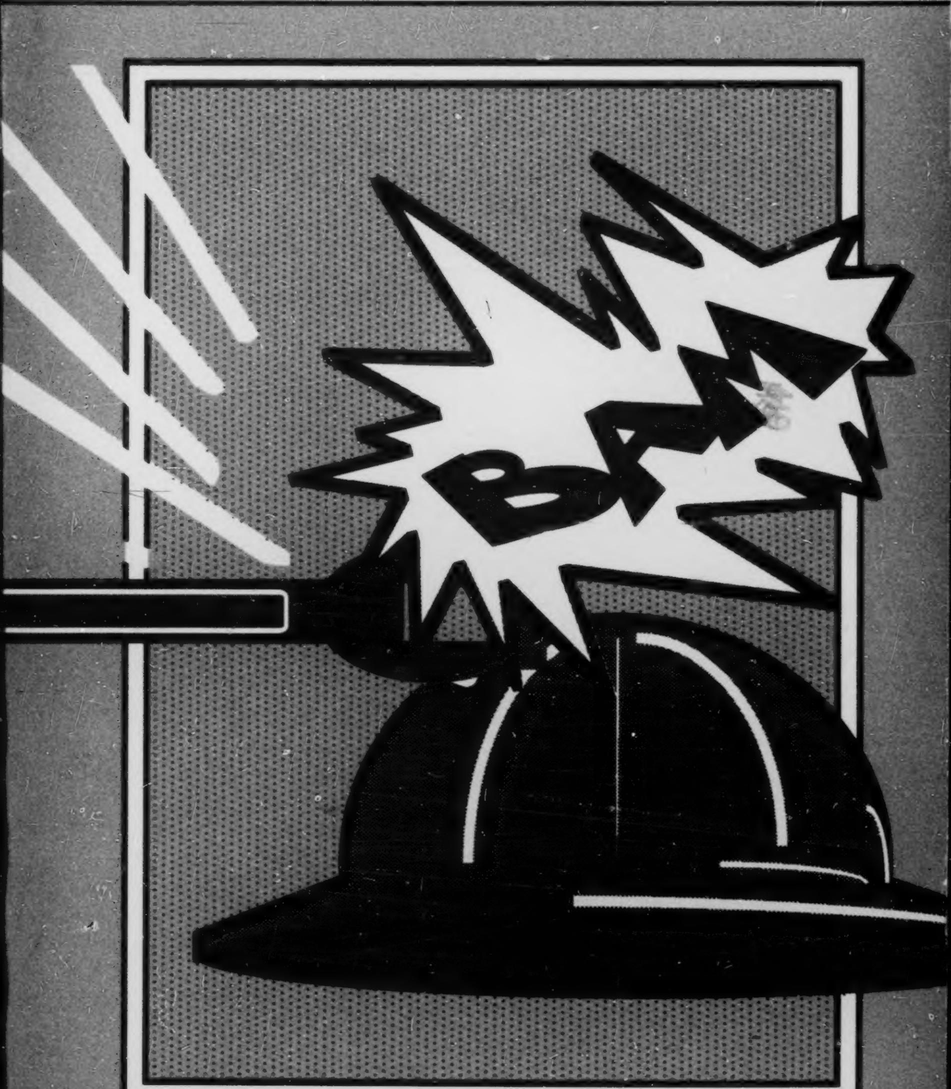
OCTOBER 1986
ALASKA ECONOMIC TRENDS

Alaska Department of Labor Bill Sheffield, Governor, State of Alaska



Work Related Injuries— A Statistical Highlight of 1984

Alaska Economic Trends

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

Judy Knight, *Director, Administrative Services*
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Edward Eboch, *Editor*

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Work Related Injuries: A Statistical Highlight of 1984

By James Wilson

The Alaska Department of Labor collects and summarizes data on injuries and illnesses incurred by workers in Alaska's labor force. The data is based on reports filed to the Alaska Division of Workers' Compensation by employers and on an annual survey to collect information that employers maintain under the requirements of the Occupational Safety and Health Act (OSHA). An annual report for injuries in 1984 is now available. This article presents a brief summary of information contained in the annual report.

Definitions

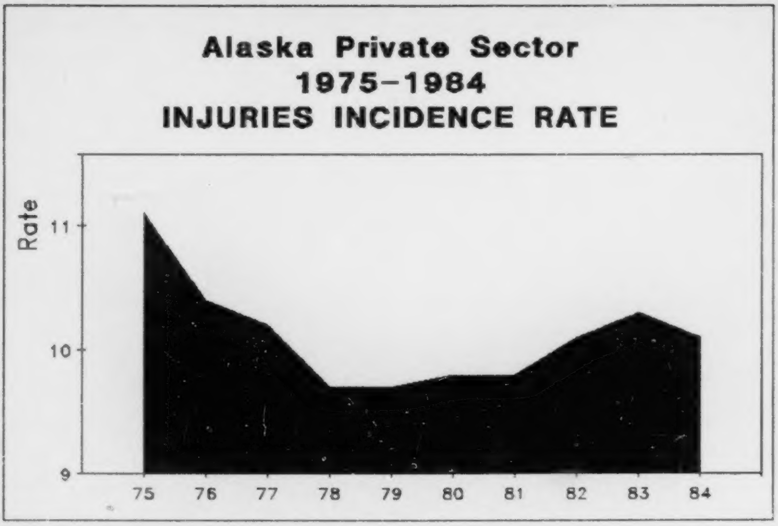
Unless otherwise stated the injury and illness rate referred to will mean the total number of OSHA recordable injury and illness cases per 100 full-time workers. Rates are developed for the type of case (injury, illness, injury and illness) and extent of case (lost workday cases, non-time-loss cases, total cases). Lost workday cases are those resulting in one or more days away from work or one or more days of restricted activity. Non-time-loss cases are those where no work time is lost by the employee beyond the day of injury.

1984 Injury/Illness Rate

The 1984 Alaska occupational injury and illness rate for the private sector was 10.3 cases per 100 workers. This is a decline from the 1983 rate of 10.6, which was the highest in recent years. The private sector rate of 10.3 is the sum of the injury case rate and the illness case rate. The 1984 injury case rate (10.1) declined from the seven year high (10.3) recorded in 1983 while the illness case rate (0.2) decreased to the level recorded in 1981-1982.

Incidence Rates: Injuries, Illnesses, Total
Private Sector, Alaska 1975-1984

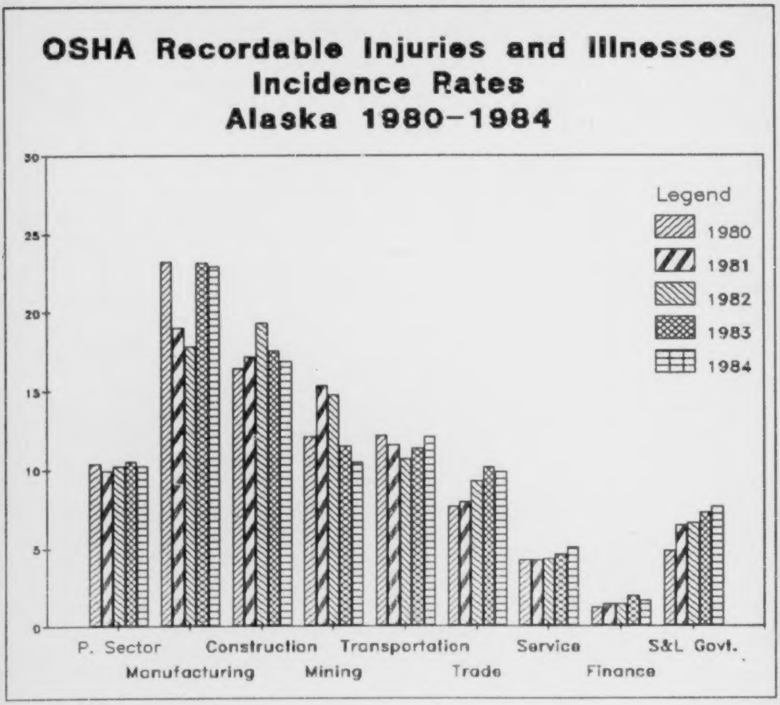
	75	76	77	78	79	80	81	82	83	84
Total	11.5	10.7	10.4	10.0	10.1	10.4	10.0	10.3	10.6	10.3
Injury	11.1	10.4	10.2	9.7	9.7	9.8	9.8	10.1	10.3	10.1
Illness	0.4	0.3	0.2	0.3	0.4	0.6	0.2	0.2	0.3	0.2


Alaska Private Sector
1975–1984
INJURIES INCIDENCE RATE

Time Loss Cases

The 1984 incidence rate for lost workday cases in the private sector (4.5) was the lowest recorded to date. The lost workday case rate declined in most major industry divisions. In construction the 1984 lost workday case rate equaled the record low set in 1980 while mining recorded a record low time loss case rate. The non-time-loss case rate rose slightly from 5.7 to 5.8 cases per 100 workers. An average of 16 workdays was lost for each time loss case in the private sector in 1984; this was unchanged from 1983. Estimated total lost workdays in the private sector equals a loss of one year of work for 400 employees. If measured in terms of salary the cost of the lost work time would be over $11 million. (This cost estimate is based on the average monthly salary figures for 1984 from the Statistical Quarterly, Fourth Quarter 1984.)

During 1984 the Alaska Division of Workers' Compensation processed 11,398 time loss claims; an increase of 5% over 1983. Private industry accounted for 86% of these claims. Only 5% of the cases were due to occupational illnesses. Injuries are most prevalent during the summer and early fall when Alaska's labor force is at its seasonal peak. In 1984, August was the peak month for on-the-job time loss injuries. Women filed only 19.1% of the time loss claims during 1984 although they comprised over 40% of the work force. The low proportion of claims from women is due to the fact that women tend to be found in less hazardous occupations.



Industry Highlights

In 1984 the oil and gas industry regained most of the employment it lost during 1983. The occupational injury and illness rate declined for the third year in a row, and in 1984 the rate of 10.6 rivaled the record low rate of 10.5 set in 1975. The time loss case rate for oil and gas (4.2 cases per 100 workers) was a record low in 1984.

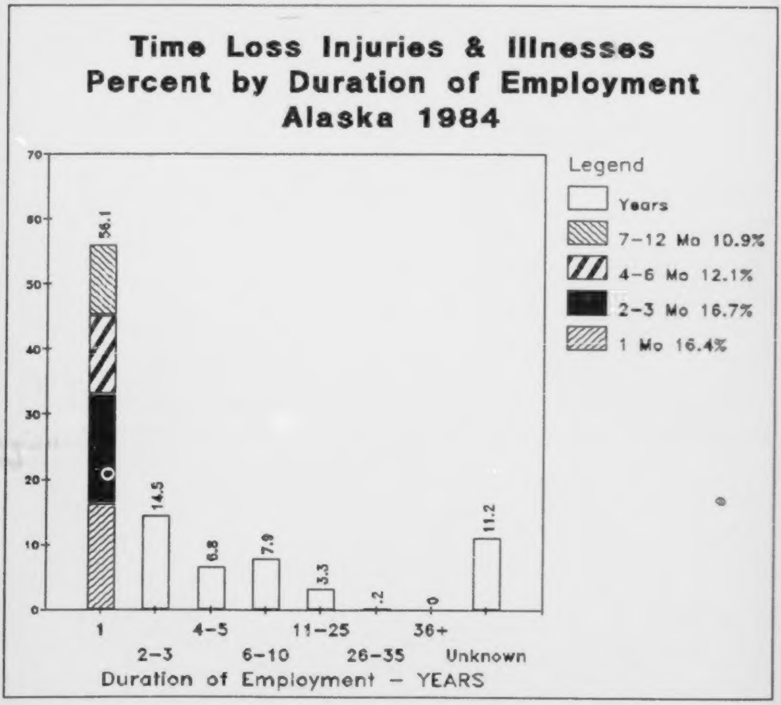
Employment dropped in 1984 for the first time since 1979 as the four year boom in construction employment ended. The rate of occupational injuries and illnesses in construction was at its lowest level in four years. The lost workday case rate for construction fell from 8.1 to 7.0 to equal the record low set in 1980. The number of estimated lost workdays in construction decreased 1% from 1983; the first drop since 1980.

Firms in the manufacturing industries typically have the highest incidence rates for all categories. In 1984, the manufacturing rate for injuries and illnesses was 23.0 which is consistent with rates of prior years. Manufacturing employment was at its lowest level in seven years. In Alaska manufacturing is composed mainly of seafood processing and lumber and wood products. Manufacturing accounts for 5% of Alaska's nonfederal employment and 12% of the reported time loss injury and illness cases.

Most Frequent Injuries

Data show that sprains and strains are the leading type of injury, accounting for 26.6% of the total. The back, involved in one-fourth of all time loss cases, is the most frequently injured part of the body. Sprains and strains are the most common back injuries with 95% of all back injuries due to sprains and strains. During 1984, as in prior years, overexertion was the leading cause of injury. In this year 86% of all overexertion cases were sprains and strains.

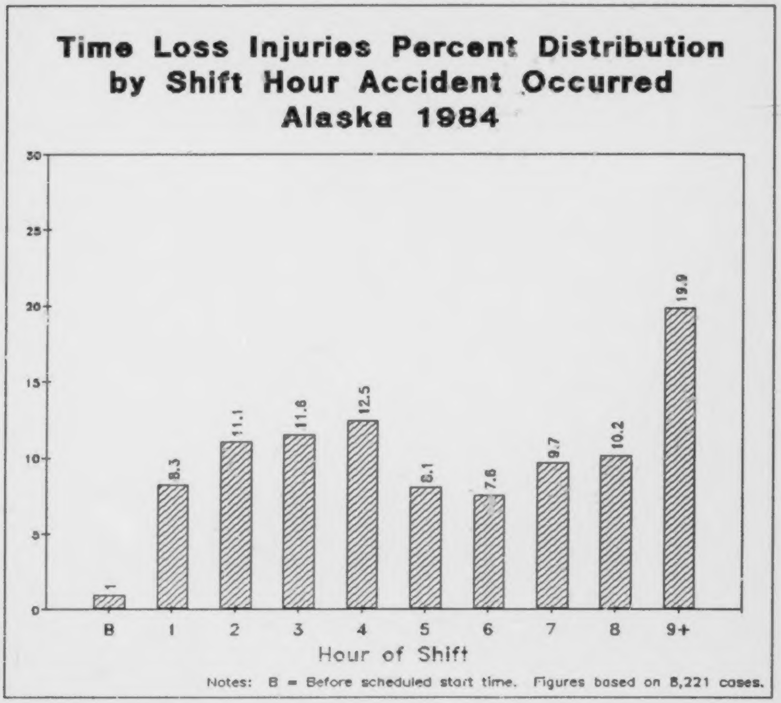
Time loss case data have consistently shown that the first few months on a job are the most hazardous for an employee. In 1984, 63% of all time loss injuries (excluding those of unknown job duration) involved employees during their first year on the job and 18% during the first month on the job.



Time Loss Injuries & Illnesses
Percent by Duration of Employment
Alaska 1984

Overtime - Injury Time?

Roughly one-fifth of all time loss injuries occur after the eighth work hour. In industries which characteristically have long working hours the percentage of accidents occurring after eight work hours is greater than the average. This information points out that fatigue plays a significant role in the occurrence of time loss accidents.



Time Loss Injuries Percent Distribution by Shift Hour Accident Occurred Alaska 1984

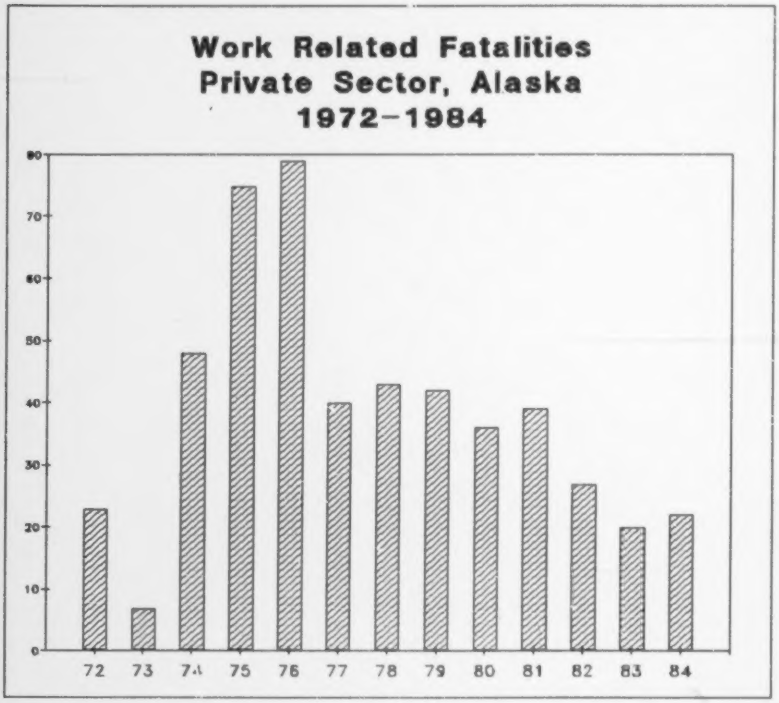
Notes: B = Before scheduled start time. Figures based on 8,221 cases.

Fishing Industry

Up to 25,000 people fish commercially in Alaska. During state fiscal year 1985 the Alaska fishermen's fund received 2,999 claims for expenses resulting from work related injuries or illnesses incurred by commercial fishermen. This is a 14% increase over the prior year. One-third of the claims were filed by nonresident fishermen. Just over one-half of the claims were from fishermen in the Southcentral District.

Aircraft Related Deaths

During 1984 there were 23 work related deaths which were compensable under the Alaska Workers' Compensation Act. The leading cause of these deaths was aircraft accidents (6 cases or 26%). Aircraft accidents are frequently the leading cause of work related deaths in Alaska. In some prior years aircraft accidents were the cause of death in over one-half of the compensable cases. The number of compensable deaths recorded in 1983 and 1984 are the lowest since 1973.



The annual report, *Occupational Injury and Illness Information, Alaska 1984*, contains more detailed information on work related injuries and illnesses. This publication is available from the Alaska Department of Labor, Research and Analysis Section.

Alaska

By Edward Eboch

Employment in the Support Industries

Recent forecasts have been for a decline in population and employment as the effects of cut-backs in oil company and state expenditures work their way through the economy. As we head into the fall season, preliminary employment data show a loss of employment over the past year. To date, most of the loss in employment can be traced to a decline in construction and related activity over the last two years.

Public school enrollment, expected to be down from a year ago, has increased according to the Department of Education, suggesting that population declines have not yet accompanied the loss in employment. A survey of a number of the larger private schools around the state indicate private school enrolment at year ago levels, so there does not appear to be a shift from the private schools to the public schools.

The decline in employment in the support sectors of the economy may be less than many forecasters anticipate. Using a procedure called shift share analysis to analyze Alaska's economy, there is evidence to suggest that Alaska will suffer only small losses in employment in the support sectors outside of those areas heavily dependent on construction. Table 1 shows the percent of nonagricultural employment in the trade; finance, insurance, and real estate (F.I.R.E.); and service

Nonagricultural Employment
Percent by Industry
Average 1983-1985

	Trade	F.I.R.E.	Services
Alaska	19.7%	5.3%	19.1%
Montana	26.9%	4.8%	26.0%
North Dakota	26.7%	4.9%	22.7%
Wyoming	22.6%	3.9%	16.3%
United States	23.4%	6.1%	22.1%

Source: Employment and Earnings, U.S. Department of Labor, Bureau of Labor Statistics, May 1986

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

				Changes From:	
	p/ 8/86	r/ 7/86	8/85	7/86	8/85
Nonag. Wage & Salary	243700	243300	249200	400	-5500
Mining	8600	8800	9700	-200	-1100
Construction	18800	18000	24300	800	-5500
Manufacturing	21700	22000	19300	-300	2400
Food & Kindred Prod.	14800	15100	13300	-300	1500
Lumber & Paper Prod.	3400	3300	2300	100	1100
All Other Mfg.	3500	3600	3700	-100	-200
Trans. Comm. & Utilities	20700	20000	20700	700	0
Trucking & Whseing.	2400	2200	2400	200	0
Water Transportation	2000	1500	1900	500	100
Air Transportation	6800	6800	6700	0	100
Other Trans. Comm. & Utilities	9500	9500	9700	0	-200
Trade	47600	46800	48600	800	-1000
Wholesale	8400	8600	8900	-200	-500
Retail	39200	38200	39700	1000	-500
Gen. Mer. & Apparel	5700	5600	5700	100	0
Food Stores	6400	6300	6600	100	-200
Eating & Drinking Pl.	14900	14200	14500	700	400
Other Retail Trade	12200	12100	12900	100	-700
Finance-Ins. & R.E.	13300	13300	13300	0	0
Services & Misc.	48100	47900	47900	200	200
Government	64900	66500	65400	-1600	-500
Federal	18200	18300	17900	-100	300
State	19100	20500	19700	-1400	-600
Local	27600	27700	27800	-100	-200

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1985.

p/ Denotes primary estimates.
r/ Denotes revised estimates.

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 7/86	R/ 6/86	7/85	P/ 7/86	R/ 6/86	7/85	P/ 7/86	R/ 6/86	7/85
Mining	1093.52	1085.99	1214.27	50.3	50.7	51.3	21.74	21.42	23.67
Construction	927.42	926.25	1030.75	39.0	39.0	43.4	23.78	23.75	23.75
Manufacturing	451.35	465.41	414.80	45.0	38.4	40.0	10.03	12.12	10.37
Food & Kindred Prod	374.90	271.26	320.93	46.0	33.0	38.9	8.15	8.22	8.25
Lumber & Paper Prod	660.33	769.30	673.87	43.5	49.0	43.9	15.18	15.70	15.35
Trans., Comm. & Utilities	577.12	563.27	601.92	36.9	36.6	38.0	15.64	15.39	15.84
Trade	373.97	382.60	411.47	33.6	34.1	34.9	11.13	11.22	11.79
Wholesale	501.96	500.85	578.95	37.1	37.8	38.7	13.53	13.25	14.96
Retail	330.53	341.50	353.47	32.5	32.9	33.6	10.17	10.38	10.52
Finance-Ins. & R.E	396.17	391.36	450.89	34.6	35.1	36.1	11.45	11.15	12.49

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

2/ excludes eating and drinking establishments

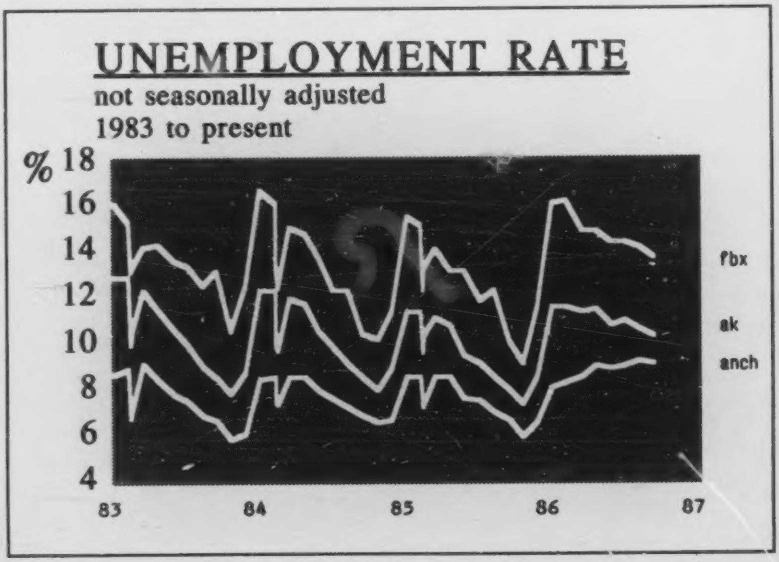
AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

enough to offset the declines in construction, mining, and some areas of trade over the year or to help with Alaska's unemployment problems. The large decline in state government over the month is a result of layoffs of firefighters who were hired last month on a temporary basis. State and local government employment is down from last year and is expected to continue to have year to year losses as adjustments to budget cuts are made.

sectors. We find that these Alaska support sectors are a lesser percent of employment than most other states with similar characteristics (small, widely dispersed populations with resource based economies).

On the bright side is the increased federal government presence (both military and other), a rapidly growing tourism industry, and a strong fishing and timber industry. As the restructuring of the state's economy takes place, from oil dependent to a broader based economy, increased business opportunities will occur in the support sectors. A period of adjustment is occurring and additional employment losses are likely to occur through this year, but the losses may be much less than earlier forecast.

The unemployment rate for August was a record high, following July's record high. Employment was up for the month as fishing and timber had strong year-to-year growth and water transportation and eating places had smaller year-to-year increases. These increases were not

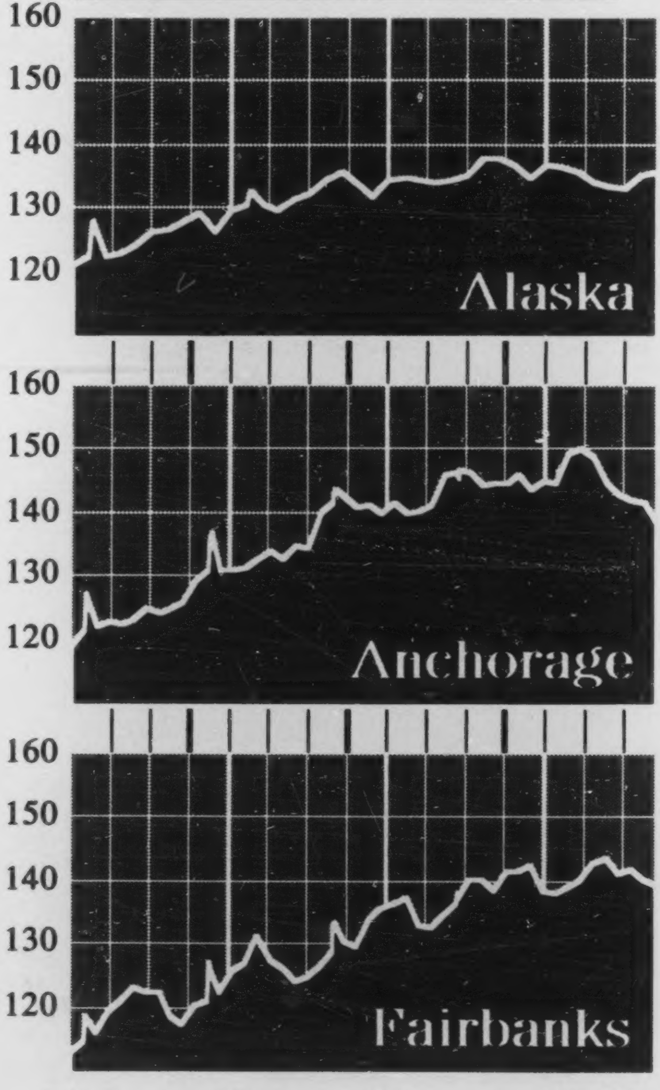


UNEMPLOYMENT RATE

not seasonally adjusted

1983 to present

COMPOSITE NONAG. EMPLOYMENT INDEXES



seasonally adjusted 1983 to present
source: ak. dept. of labor

Anchorage/MatSu

By Greg Huff

Current Trends

The downturn in the Anchorage economy gained momentum in August. Anchorage employment was down 4.2%, or 5,100 jobs compared to last year. This drop represents the largest year to year decline since the down trend began early this year. Construction remains the big employment loser, but losses in employment in mining (oil and gas) and trade are increasing.

The decline in trade employment is no longer limited to construction related sectors. Grocery stores, clothing stores, general merchants and restaurants are all showing year to year losses in the August employment figures. Declines in employment in grocery stores were primarily among the major chains which are responding to a slower economy. This situation is unlike the past two years when Carrs and Safeway were expanding rapidly, more than offsetting employment losses among the smaller grocery chains. Our sample of restaurants show that not only are there cutbacks in employment because of slower business but that some firms are closing. The closure of Montgomery Ward's store accounts for the employment decline in the general merchandise sector.

Though jobs are being lost in Anchorage, population levels seem to be holding steady. The Anchorage School District in September reported that student enrollment was at last years levels and the Municipality of Anchorage Planning Department, in their preliminary population estimates, report the number of residents only slightly below year-ago levels. Both population statistics show that some net outmigration of Anchorage residents has occurred, but that the exodus is slow. This phenomenon of less than expected out-migration during a slack economy contributes to the unemployment rate breaking record highs. The unemployment rate for the Anchorage[illegible]atSu labor market region was 9.7% in August. This is 2.6 percentage points greater than the 1985 rate and 1.5 points higher than in 1978 (a pipeline bust year).

The Decomposition of Anchorage Employment Data

One approach to the analysis of time series data (such as Anchorage employment data) involves an attempt to identify the factors that influence the periodic values in a series. This identification procedure, called decomposition, breaks a time series into three components; trend, cyclical fluctuations, and seasonal variations. Each component

Figure 1
Anchorage Employment
Annual Average and Trend
1959-1985

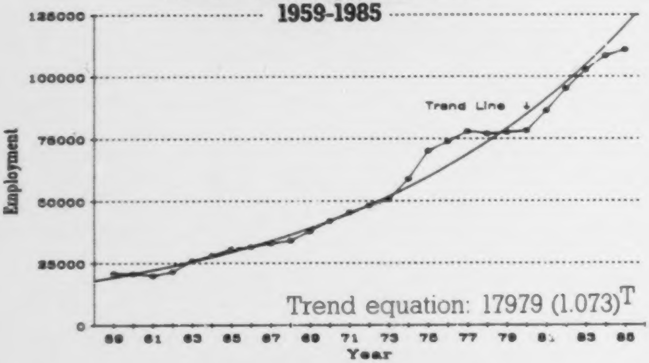
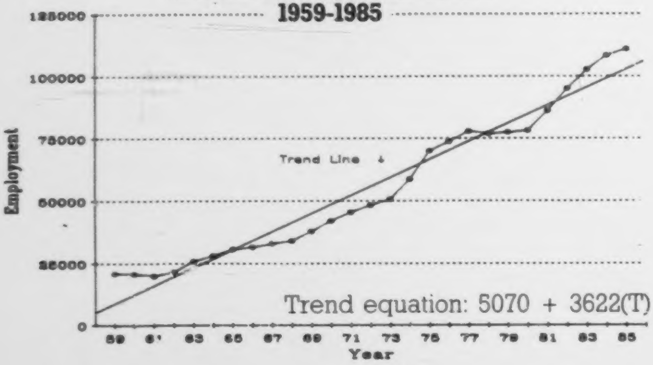


Figure 2
Anchorage Employment
Annual Average and Trend
1959-1985



has distinct characteristics and when plotted the differences become clear. This technique provides a conceptual approach to understand the past and look into the future.

Trend

The "best fit" trend line of Anchorage employment data in figure 1 displays growth at a constant percentage rate (exponential growth) over the past 27 years. This long term growth can be attributed to many factors, but most importantly are the federal government (including the military), the discovery and development of oil in the Cook Inlet and on the North Slope, and population and income increases.

Does this mean that in the long run Anchorage employment will continue to grow exponentially? An examination of the "best fit" trend line (Figure 1) of Anchorage employment shows that as the trend line moves towards the 1980s, it begins to increase much faster than the actual employment. Even the rapid employment gains of the early 1980s could not keep up with the constant percent growth rate of the exponential line.

Further analysis shows that Anchorage employment is shifting from a long-term trend that is exponential in nature to a growth curve which represents the tendency of many economies to grow at a declining percentage rate as they mature (that is, increasing but at a declining rate). The development of such a line chart for this article is not possible at this time. However, the straight line trend in figure 2 provides a conservative long term outlook. So despite the current down cycle in Anchorage's economy the long term outlook is for continued growth.

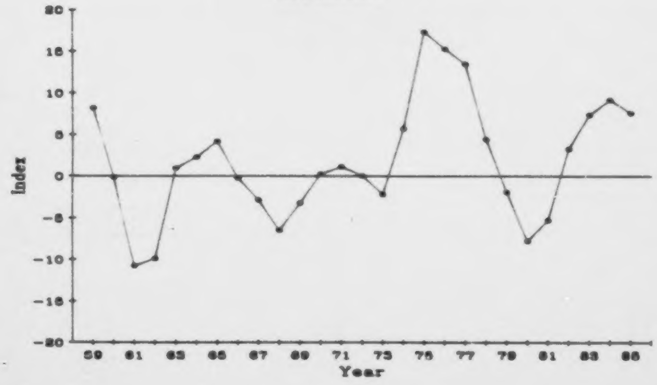


Figure 3
Anchorage Employment Cycles
1959-1985

Cyclical

The cyclical component is a series of irregular wave like fluctuations or cycles due to changing economic conditions of shorter duration than those affecting the trend line. Figure 3 displays the cyclical chart for Anchorage employment since statehood. The peaks were in 1959,

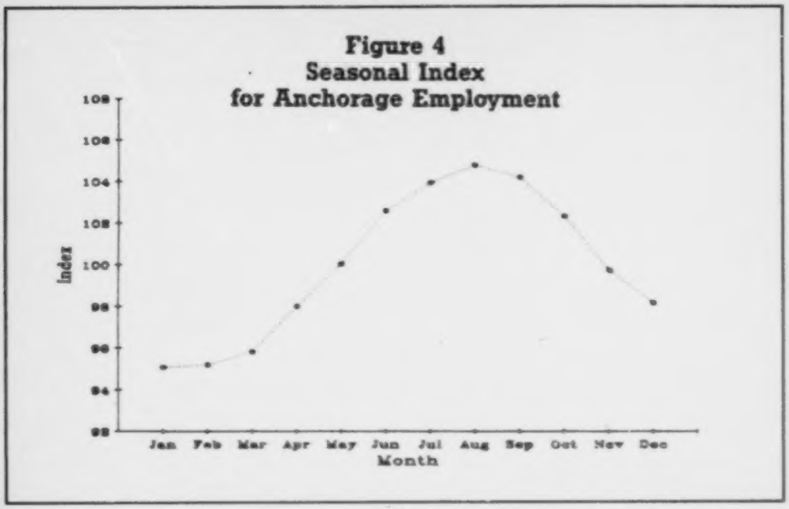


Figure 4
Seasonal Index
for Anchorage Employment

1965, 1971, 1975 and 1984. The lows were in 1961, 1968, 1973, 1980 and 1985. Each of these peaks and troughs were initiated by certain economic events causing employment to grow faster or slower than the long term trend.

The downturn in Anchorage's economy began slowly in 1985 and picked up momentum in 1986 as the chart indicates. The primary factor influencing the downturn was the collapse of oil prices. Indeed the movement of oil prices will continue to be the primary influence on the direction and magnitude of the cycle. How long this cyclical downturn will continue is the key to the short term employment outlook in Anchorage. There are no indications from any economic indicators that the cycle has hit bottom. One piece of good news, however, is that North Slope oil prices seem to have stabilized.

Seasonality

Seasonality refers to a pattern of change that recurs regularly from one season to the next. Figure 4 displays the average seasonal index for Anchorage employment (1975 to 1986). The graph represents monthly employment levels in terms of a percent of annual average employment. For example, the January index is 95 which means January employment in any year is usually 95% of the annual employment level, whereas August ,the peak month, is nearly 5% greater than the annual average. Generally, from the low employment month of January to the high month of August employment will fluctuate nearly 10 index points. This pattern makes seasonality easy to predict. However,

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 8/86	R/ 7/86	8/85	P/ 8/86	R/ 7/86	8/85	P/ 8/86	R/ 7/86	8/85	P/ 8/86	R/ 7/86	8/85
Alaska Statewide	274040	278047	265876	27860	29351	21009	10.2	10.6	7.9	246180	248696	244867
Anch.-MatSu Region	141876	143557	139689	13755	14280	9947	9.7	9.9	7.1	128121	129277	129742
Anchorage Borough	124704	125949	122776	11387	11610	8025	9.1	9.2	6.5	113317	114339	114751
MatSu Borough	17172	17608	16913	2368	2670	1922	13.8	15.2	11.4	14804	14938	14991
Gulf Coast Region	33198	34155	31134	3554	3803	2545	10.7	11.1	8.2	29644	30352	28589
Kenai Peninsula Bor	21267	21889	19708	2931	3115	2025	13.8	14.2	10.3	18336	18774	17683
Kodiak Island Bor	7475	7726	7185	325	405	290	4.3	5.2	4.0	7150	7321	6895
Valdez-Cordova	4456	4540	4241	298	283	230	6.7	6.2	5.4	4158	4257	4011
Interior Region	42193	42839	40494	5437	5683	3878	12.9	13.3	9.6	36756	37156	36616
Fairbanks North Star Br	34425	34961	32883	4722	4935	3294	13.7	14.1	10.0	29703	30026	29589
Southeast Fairbanks	3292	3315	3168	292	282	179	8.9	8.5	5.7	3000	3033	2989
Yukon-Koyukuk	4476	4563	4443	423	466	405	9.5	10.2	9.1	4053	4097	4038
Northern Region	8313	8338	8627	1157	1199	1069	13.9	14.4	12.4	7156	7139	7558
Kobuk	2699	2696	2686	460	462	321	17.0	17.1	12.0	2239	2234	2365
Nome	3502	3492	3539	515	512	384	14.7	14.7	10.9	2987	2980	3155
North Slope Borough	2112	2150	2402	182	225	364	8.6	10.5	15.2	1930	1925	2038
Southeast Region	35841	35821	33812	2886	3224	2541	8.1	9.0	7.5	32955	32597	31271
Haines Borough	1104	1089	1023	76	72	48	6.9	6.6	4.7	1028	1017	975
Juneau Borough	14350	14266	13325	1316	1373	956	9.2	9.6	7.2	13034	12893	12369
Ketchikan Gateway Bor	7505	7606	7093	488	666	435	6.5	8.8	6.1	7017	6940	6658
Pr. of Wales-Outer Ketch	2658	2690	2542	264	322	270	9.9	12.0	10.6	2394	2368	2272
Sitka Borough	4412	4363	4388	332	327	517	7.5	7.5	11.8	4080	4036	3871
Skagway-Yakutat-Angoon	2114	2114	1960	197	218	141	9.3	10.3	7.2	1917	1896	1819
Wrangell-Petersburg	3698	3693	3481	213	246	174	5.8	6.7	5.0	3485	3447	3307
Southwest Region	12619	13337	12120	1071	1162	1029	8.5	8.7	8.5	11548	12175	11091
Aleutian Islands	2946	3105	2814	124	129	103	4.2	4.2	3.7	2822	2976	2711
Bethel	5025	5352	4890	546	630	588	10.9	11.8	12.0	4479	4722	4302
Bristol Bay Borough	468	496	454	19	23	23	4.1	4.6	5.1	449	473	431
Dillingham	2136	2242	2026	145	143	114	6.8	6.4	5.6	1991	2099	1912
Wade Hampton	2044	2142	1936	237	237	201	11.6	11.1	10.4	1807	1905	1735

P/ Preliminary R/ Revised 1985 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

				Changes From:	
	p/ 8/86	r/ 7/86	8/85	7/86	8/85
Nonag. Wage & Salary	115050	115200	120150	-150	-5100
Mining	3700	3900	4300	-200	-600
Construction	8450	8000	11450	450	-3000
Manufacturing	3700	3800	3650	-100	50
Food & Kindred Prod.	1550	1650	1400	-100	150
Other Mfg.	2150	2150	2250	0	-100
Trans. Comm. & Utilities	10700	10600	10850	100	-150
Trucking & Whseing.	1350	1250	1400	100	-50
Water Transportation	350	400	400	-50	-50
Air Transportation	4350	4350	4250	0	100
Other Trans. Comm. & Utilities	4650	4600	4800	50	-150
Trade	27650	27400	28700	250	-1050
Wholesale	6350	6350	6700	0	-350
Retail	21300	21050	22000	250	-700
Gen. Merchandise	2000	1900	2150	100	-150
Food Stores	3050	3050	3100	0	-50
Eating & Drinking Pl.	8450	8250	8700	200	-250
Other Retail Trade	7800	7850	8050	-50	-250
Finance-Ins. & R.E.	8650	8700	8950	-50	-300
Services & Misc.	26950	27100	26850	-150	100
Government	25250	25700	25400	-450	-150
Federal	10100	10150	9850	-50	250
State	6600	6800	6850	-200	-250
Local	8550	8750	8700	-200	-150

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

				Changes From:	
	p/ 8/86	r/ 7/86	8/85	7/86	8/85
Nonag. Wage & Salary	122850	122900	128500	-50	-5650
Mining	3700	3900	4350	-200	-650
Construction	9250	8800	12500	450	-3250
Manufacturing	3800	3850	3800	-50	0
Trans. Comm. & Utilities	11400	11250	11600	150	-200
Trade	29650	29350	30750	300	-1100
Finance-Ins. & R.E.	9150	9200	9500	-50	-350
Services & Misc.	28400	28650	28550	-250	-150
Government	27500	27900	27450	-400	50

seasonality tends to be flatter during downturn years, such as 1986, because the peak summer season will be slower than average years.

Conclusion

The Anchorage economy is in one of its worst downturns in history. The decomposition provides a process to analyze the movement of employment systematically. The long-term trend for Anchorage employment is positive but cycles have been and always will be evident. The current downturn is expected to continue into 1987, but its magnitude remains to be determined. The leading indicator of the employment cycle continues to be the movement of oil prices.

Fairbanks/Interior

By Neal Fried

Employment numbers now available for Fairbanks, based on an actual count, paint a more serious economic picture than earlier estimates had been indicating. June was the first month our estimates revealed a decline in employment in Fairbanks, but actual employment records show Fairbanks' employment began to decline during January of this year. Although construction employment had year-to-year increases through the last quarter of 1985, it plummeted by 43% during the first quarter of 1986 (as compared to first quarter 1985). This decline in construction was dramatic enough to pull total employment below year-ago levels. What is interesting is that this happened before the dramatic decline in oil prices could have any affect, which means declines in employment may worsen.

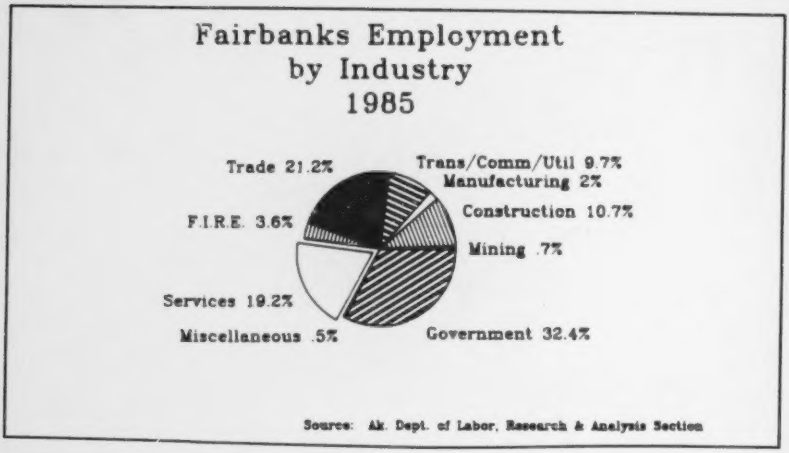
The August unemployment rate did not provide good news either. Fairbanks' unemployment rate for August was 13.7, less than one half of one percentage point below July but almost 4 percentage points above last year's August unemployment rate.

Fairbanks' Services

The service industry is probably the most broadly defined and all encompassing of all industries. Services includes hotels and other lodging places, firms providing personal, business, repair, and amusement services; health, social, legal, engineering and other professional services; private educational institutions; membership organizations (including religious organizations) and other miscellaneous services. The variety of occupations is even greater, from unskilled to the very skilled occupations. Doctors, lawyers, bellhops, barbers, social workers, maids, mechanics, teachers and computer programmers are just a few of the many occupations represented in the service industry.

The services industry employs 19% of Fairbanks' work force, making it the second largest private sector employer after trade. There were approximately 5,500 jobs in Fairbanks in the service industry with approximately $211 million in payroll in 1985. While the service industry is not the largest employer in Fairbanks, there are more firms in this industry than in any other industry. During the first quarter of 1986, there were 590 firms in the Fairbanks' service industry.

The service industry has grown rapidly in the recent past. Since 1980 this industry has added 1,500 new jobs. The service industry represents an increasing share of employment. In 1970 12% of Fair-



Fairbanks Employment by Industry 1985

Source: Ak. Dept. of Labor, Research & Analysis Section

banks' work force was employed in this industry compared to 19% today. The national economic trend has been toward an increasingly service-based economy, and Fairbanks has been no exception to this trend.

Membership organizations is the number one growth sector within the service industry. Employment in membership organizations grew from 259 in 1980 to 702 in 1985. This category includes such groups as labor unions, business, religious and political organizations, fraternal, civic and social associations. This would include some native corporations and nonprofit organizations such as the Lions and the Chamber of Commerce.

Hotels and lodging employment was the number two growth sector within the service industry. Employment grew from 287 to 510 in 5 years. A larger population, more business activity and an increase in tourism have pushed their employment numbers up 80% from 1980 to 1985. Auto repair and business services followed in third and fourth place respectively. Nationally, business services is one of the fastest growing industries which could portend future strong growth in this industry in Fairbanks. Business services include advertising, computer services, business consultants, security services and employment agencies.

The largest sector in services is health services, which employs 1,267 people in Fairbanks. It includes both the hospital and all out-patient health care. (It does not include the health care facilities at Ft. Wainwright or Eielson AFB.) Though the largest sector, it has grown by only

6.8% over the past 5 years, much more slowly than the overall service industry (38%). Membership organizations ranks second in size, employing 702 people. Social services follows closely behind, employing 681. Day care services are also included in these figures.

Presently, the service industry is one of the few industries that is still growing in employment in Fairbanks. Its resilience comes from its diversity and the nature of some of its sectors. Social service organizations may actually grow during poor economic periods. Repair services often remain busy during economic downturns because people have their autos and appliances repaired instead of buying new ones. Health services are in large part essential and therefore are not adversely affected during recessions. Hotels and lodging could get hurt because of a decline in business activity but increases in tourism may offset a loss in business users. Engineering services have lost employment because of the decline in construction activity. How healthy the service industry will remain depends upon the extent of the current economic contraction. The longer it lasts, the more difficult it will be for the service industry to sustain growth.

Fairbanks' Service Industry Employment 1980 and 1985

	1980	1985	Percent Share 1985	Percent Growth 80-85
Total Services	4036	5536	100%	37%
Hotels	287	510	9%	78%
Personal Services	222	283	5%	28%
Business Services	617	940	17%	52%
Auto Repair	140	246	4%	76%
Misc. Repair	68	77	1%	13%
Amuse/Recreation	128	176	3%	38%
Health Services	1186	1267	23%	7%
Legal Services	136	141	3%	4%
Educational Services	48	60	1%	26%
Social Services	466	681	12%	46%
Membership Orgns.	259	702	13%	171%
Misc. Services	481	454	9%	-6%

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	p/ 8/86	r/ 7/86	8/85	Changes From: 7/86	 8/85
Nonag. Wage & Salary	30700	30650	31700	50	-1000
Mining	250	250	300	0	-50
Construction	3350	3250	4650	100	-1300
Manufacturing	650	650	650	0	0
Trans. Comm. & Utilities	3000	3000	3100	0	-100
Trucking & Whseing.	450	450	500	0	-50
Air Transportation	1000	950	1000	50	0
Other Trans. Comm. & Utilities	1550	1600	1600	-50	-50
Trade	6600	6600	6600	0	0
Wholesale	900	950	1050	-50	-150
Retail	5700	5650	5550	50	150
Gen. Mer. & Apparel	600	600	550	0	50
Food Stores	850	850	800	0	50
Other Retail Trade	4250	4200	4200	50	50
Finance-Ins. & R.E.	1100	1100	1100	0	0
Services & Misc.	6550	6350	6150	200	400
Government	9200	9450	9150	-250	50
Federal	3000	3000	2900	0	100
State	3600	3850	3750	-250	-150
Local	2600	2600	2500	0	100

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	p/ 8/86	r/ 7/86	8/85	Changes From: 7/86	 8/85
Nonag. Wage & Salary	34900	35050	35900	-150	-1000
Mining	400	400	400	0	0
Construction	3550	3450	4900	100	-1350
Manufacturing	700	650	650	50	50
Trans. Comm. & Utilities	3350	3350	3500	0	-150
Trade	7100	7150	7100	-50	0
Finance-Ins. & R.E.	1150	1150	1150	0	0
Services & Misc.	7150	6900	6700	250	450
Government	11500	12000	11500	-500	0

Gulf Coast

By Neal Fried

Cordova Skirts the State's Past Oil Revenue

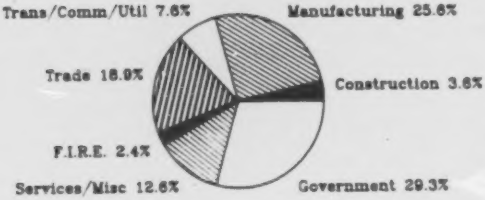
During the past five years most local economies in the state grew rapidly. Construction employment soared, the secondary sector flourished, and local and state government expanded. While much of the state's growth from 1980-1985 occurred as a result of the oil revenue boom, Cordova's economy still reacted largely to the whims of the fishing industry.

During 1985 26% of Cordova's wage and salary employment was in fish processing, making it the largest private employer in Cordova. However, fish harvesting employment is not included in the fish processing numbers. No accurate estimate for the number of fishermen exists for Cordova, but a figure of 800 exists for Prince William Sound. If both the fish processing employment and fish harvesting employment were combined, a conservative estimate would push their share of Cordova's employment to approximately 50%. The remainder of the area's employment provides support to this industry.

The decline of the shellfish fishery in the early 1980s made it difficult for sustained employment growth in spite of good salmon seasons. By 1985 (a record salmon harvest for the Cordova area), fish processing employment began to grow again. Employment grew 17% in 1985, which is phenomenal growth in one year. But given the fickle nature of the fishing industry, fish processing employment could decline as rapidly. Though the fishing employment numbers for 1986 are not yet available, the Prince William Sound salmon harvest was far smaller this year than in 1985. This could mean a decline in fish related employment in 1986.

The poor shellfish fishery increased the seasonality of this industry because it often took place during the non-salmon months, providing employment during the winter and spring. During 1985 fish processing employment fell as low as 13 in January and reached a high of 768 in August. The increased seasonality means fewer people can sustain themselves over the year in this industry. This could mean the industry may become increasingly dominated by a more migratory labor force. This in turn means fewer dollars earned in this industry remain in the local economy. In the resident hire study conducted by the Alaska Department of Labor, the fish processing industry statewide had the highest incidence of nonresident employment. This loss of income to Cordova also makes it more difficult for its economy to sustain economic growth.

Cordova Employment by Industry 1985



Source: Ak. Dept. of Labor, Research & Analysis Section

City of Cordova Employment by Industry 1980-1985

	1980	**1985**	**Percent Change 1980-1985**
Total Employment	808	1024	27%
Construction	17	37	121%
Manufacturing*	175	262	50%
Trans. Comm.& Utilities	37	78	111%
Trade	140	194	38%
Finance-Ins. & R.E.	25	25	0%
Services & Misc.	133	129	-3%
Government	282	300	6%
Federal	35	30	-12%
State	81	96	18%
Local	167	174	4%

*Manufacturing and fish processing can be used interchangeably in this table.

Source: Alaska Department of Labor, Research & Analysis Section.

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	p/	r/		Changes From:	
	8/86	7/86	8/85	7/86	8/85
Nonag. Wage & Salary	25400	25800	25400	-400	0
Mining	900	900	900	0	0
Construction	2100	1900	2700	200	-600
Manufacturing	7050	7550	6500	-500	550
Food & Kindred Prod.	6350	6800	5800	-450	550
All Other Mfg.	700	750	700	-50	0
Trans. Comm. & Utilities	1750	1750	1900	0	-150
Trade	4150	4250	4200	-100	-50
Wholesale	600	600	600	0	0
Retail	3550	3650	3600	-100	-50
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3650	3650	3550	0	100
Government	5150	5150	5000	0	150
Federal	550	550	550	0	0
State	1550	1600	1600	-50	-50
Local	3050	3000	2850	50	200

Oil Revenues in Cordova

Cordova did benefit from the state's oil largess. It helped Cordova weather the decline in the shellfish fishery which began in 1980-1981. Construction employment grew in Cordova as a result of the state's capital budget. New port facilities, roads, a hospital and other projects were constructed. Public construction in Cordova grew but little private construction followed. The impact of capital construction on Cordova's economy was probably significantly smaller than many of the state's larger communities because labor, materials, and contractors were imported for many of the projects. Residential construction appeared largely unaffected by the subsidized interest program and little commercial construction took place. The demand for this type of development did not materialize because the population grew very slowly. Cordova's population grew by 12% from 1980 to 1984 compared to 30% growth statewide.

Parts of Cordova's secondary sector grew. Retail trade grew by 38% over five years. Permanent fund dividends and tax relief may have increased resident disposable income, creating additional demand for retail goods. Services and the finance insurance and real estate industry, two industries which boomed statewide, made no headway in Cordova.

Government, Cordova's largest wage and salary sector, inched ahead. Federal government employment fell slightly, local government employment grew by 4%, and state government employment grew by 18% over the past five years. State and local government statewide was a major growth sector during this period but in Cordova government employment scarcely increased. It may be that additional government services were not necessary to the extent they were elsewhere in the state because Cordova's population grew more slowly.

Cordova's immediate future lies with the health of the fishing industry. The sharp decline in oil revenues will mean far fewer publicly financed construction projects and it will apply downward pressure on state and local government employment. Without a rebound in the shellfish fishery, it will be difficult for Cordova to sustain growth in employment. There are some indications that the tanner crab fishery is slowly on the mend. The new processing of skinless, boneless salmon by Hormel may open up new markets for salmon and create additional employment in Cordova. In the long term, diversification of the economy and possible new fish markets may provide further impetus to Cordova's economy.

Current Trends

Summer activity has pulled the region's unemployment rates down. Kenai's remained high at 13.8% but it did fall from 14.2% in July. More significant is the fact that Kenai's August unemployment rate remains 3.5 points above year-ago figures. Kodiak's rate was the lowest in the region for the second month in a row, registering at 4.3%, one of the lowest in the state. Kodiak's reliance on the fishing industry keeps its unemployment figure low during the salmon fishing season, but its unemployment rate will often climb to double digit levels during the winter months. Valdez-Cordova's unemployment rate was the only one to climb in the region in August, possibly because of a poorer than expected salmon catch in Prince William Sound. The Valdez-Cordova unemployment rate was still lower than in most areas of the state at 6.7%.

Southeast Alaska

By John Boucher

Fishing Industry Rebounding Strongly

Southeast Alaska wage and salary employment gained 500 jobs during the month of August largely on the strength of the manufacturing industry. No other industry posted a significant gain in employment over the month. Local government and the transportation industry posted small employment gains but those were more than offset by decreases in state government and retail trade.

The food and kindred products and lumber and paper products sectors of the manufacturing industry have been creating the lions share of seasonal increases in employment this year, and have helped the region keep from posting significant year-to-year losses in employment. As the fishing season and logging camps wind down, Southeast Alaska will be hit with the double blow of seasonal industries losing large amounts of employment while traditionally stable industries of government, services and trade are losing employment also.

The Southeast Alaska fishery has been the key player injecting additional employment and money into the Southeast economy this summer. While many people in the industry were concerned because of the late salmon run, when the fish finally arrived they came in droves. Processors in both Petersburg and Ketchikan reported record salmon packs for the summer. This success has encouraged processors to invest in new plant equipment and to continue expanding their product line.

An experiment by one processor this summer entailed special handling of fish to insure quality of the product. This particular effort was designed to create a premium Alaska wild salmon that could favorably compete with Norwegian pen reared Atlantic salmon. Success in marketing this product could lead to an increased participation by fishermen in this type of project. The incentive for fishermen is in a higher price for the product. The key will be whether the product is perceived as an alternative to the Norwegian product.

Another experiment in product diversification is scheduled for a Ketchikan processor this fall. If successful, it could employ 50-75 people in the off season. The product is sea urchin roe, and although urchin roe has been tried in several Southeast Alaska processing plants before, it has not been done on this scale. Barriers include approval of the fishery on this scale, and an expected recovery rate of the

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

				Changes From:	
	p/ 8/86	r/ 7/86	8/85	7/86	8/85
Nonag. Wage & Salary	32050	31550	31600	500	450
Construction	1650	1700	2000	-50	-350
Manufacturing	5650	4750	4350	900	1300
Food & Kindred Prod.	2600	1800	2100	800	500
Lumber & Paper Prod.	2800	2700	2000	100	800
All Other Mfg.	250	250	250	0	0
Trans. Comm. & Utilities	2350	2300	2300	50	50
Trade	4650	4850	4850	-200	-200
Wholesale	400	400	400	0	0
Retail	4250	4450	4450	-200	-200
Finance-Ins. & R.E.	1150	1150	1150	0	0
Mining, Services & Misc.	4850	4850	4750	0	100
Government	11750	11950	12200	-200	-450
Federal	2200	2200	2150	0	50
State	5200	5450	5500	-250	-300
Local	4350	4300	4550	50	-200

product of at best 6%. Finding an off season labor force could pose a problem for the processor because students have returned to school and the transient labor force which follows Alaska's salmon fishery have largely departed the state.

At the Southeast Conference in Petersburg in September there was interest by the coastal communities, both of Southeast and Southwestern Alaska, in having state government develop an aquaculture policy which could foster growth of an aquaculture industry in the state. There was a great deal of support for the development of an industry which could supplement the current salmon industry, but fishermen in attendance who currently make their livelihood on the salmon fishery were opposed to the development of a Norwegian type pen rearing of salmon.

As of last spring, there were more than ten oyster farms in place in Southeast Alaska and there remains a tremendous potential for development of aquaculture in Southeast Alaska. Should a large scale shellfish or sea vegetable industry begin to grow in Southeast Alaska, year round stable employment could begin to supplement the seasonal employment of the salmon industry. One sea vegetable produced in Japan, nori, exceeds the current value of Alaska's salmon industry. Although nori probably would not be viable in Alaska because of cold water, the potential for other sea vegetables is good.

Current Trends

Southeast Alaska unemployment rate fell in August to 8.1 percent, mostly as a result of the good fish harvest. Communities which are dependant upon the fishing industry, Ketchikan and Petersburg particularly, experienced drops in their unemployment rates over the month (see center insert). Prince of Wales-Outer Ketchikan also got relief from relatively high unemployment due to the fishing and wood products industries. The census areas which do not have either industries as an integral part of their local economies tended to have the greatest increase in unemployment in their areas when compared to last year.

Hours and Earnings

By John Boucher

Current Trends

Average weekly earnings in all but one industry improved from July to August as seasonal improvement in the Alaskan economy continued. The most notable change during August was in average hours worked in the food and kindred products sector of manufacturing. This change was due to the long hours that are worked during salmon season to process fish. Hours worked also improved in the lumber and paper products sector of manufacturing as logging activity increased in comparison to July.

All industries continue to show signs of the slower Alaskan economy when compared to last year. Every industry reported a decrease in average weekly earnings when compared to last August, and a majority reported a decrease in average weekly hours and average hourly earnings to year ago figures.

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 8/86	R/ 7/86	8/85	P/ 8/86	R/ 7/86	8/85	P/ 8/86	R/ 7/86	8/85
Mining	1162.91	1102.36	1231.69	51.8	51.9	51.6	22.45	21.24	23.87
Construction	1051.45	986.87	1081.14	42.5	41.5	44.4	24.74	23.78	24.35
Manufacturing	484.50	450.21	547.34	47.5	43.0	50.4	10.20	10.47	10.86
Food & Kindred Prod .	417.97	370.55	472.81	49.0	43.8	51.9	8.53	8.46	9.11
Lumber & Paper Prod .	690.20	645.74	775.29	47.6	41.5	49.1	14.50	15.56	15.79
Trans., Comm. & Utilities	557.98	576.23	616.98	37.1	37.2	39.0	15.04	15.49	15.82
Trade	373.73	369.69	399.98	33.7	33.7	34.6	11.09	10.97	11.56
Wholesale	503.32	495.43	553.10	36.9	37.0	37.6	13.64	13.39	14.71
Retail	327.60	325.65	345.05	32.5	32.5	33.5	10.08	10.02	10.30
Finance-Ins. & R.E	398.25	396.27	398.43	35.4	34.7	34.2	11.25	11.42	11.65

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.